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WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2009

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 10/28/09

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC

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WARREN EASTON SENIOR HIGH FOUNDATION, INC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Warren Easton High School Foundation, Inc.,
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Warren Easton Senior High School Foundation, Inc. (the School) as of June 30, 2009 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year condensed comparative information has been derived from the School's financial statements as of June 30, 2008. The financial statements of Warren Easton Senior High School, Inc. as of June 30, 2008, were audited by other auditors whose report dated December 29, 2008, expressed an unqualified opinion on those statements.

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 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 Warren Easton Senior High School Foundation, Inc. as of June 30, 2009, 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 a report dated September 4, 2009 on our consideration of Warren Easton Senior High School Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the 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 considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Warren Easton Senior High School Foundation, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office and Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The information in this schedule has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Shirley K. Burton & Abney, LLC

September 4, 2009

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,102,450	\$ 4,147,027
Grants receivable	2,434,770	3,513,746
Miscellaneous receivables	81,579	65,554
Inventory	29,268	-
Prepaid expenses	<u>2,000</u>	<u>88,062</u>
Total Current Assets	8,650,067	7,814,389
Property and Equipment, Net	1,179,786	1,459,251
Other Assets:		
Restricted cash	<u>411,808</u>	<u>74,476</u>
TOTAL ASSETS	<u><u>\$ 10,241,661</u></u>	<u><u>\$ 9,348,116</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 173,254	\$ 165,973
Funds due to grantor	<u>12,451</u>	<u>80,292</u>
Total Liabilities	185,705	246,265
Net Assets:		
Unrestricted	9,644,148	9,027,375
Temporarily restricted	<u>411,808</u>	<u>74,476</u>
Total Net Assets	<u>10,055,956</u>	<u>9,101,851</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 10,241,661</u></u>	<u><u>\$ 9,348,116</u></u>

The accompanying notes are an integral part of this financial statement.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2008)

	Unrestricted	Temporarily Restricted	2009 Totals	2008 Totals
Revenues and Other Support:				
Contributions	\$ 9,220	\$ 405,768	\$ 414,988	\$ 229,846
Grants				
Federal	1,593,834	-	1,593,834	3,271,975
State	83,801	-	83,801	107,657
Local Minimum Foundation Program	3,798,144	-	3,798,144	3,340,971
State Minimum Foundation Program	3,031,776	95,589	3,127,365	2,769,869
Other	-	-	-	336,442
Student activity fees	596,650	341,659	938,309	499,270
Interest income	60,480	-	60,480	192,613
Other revenue	23,315	-	23,315	55,183
Net assets released from restrictions	505,684	(505,684)	-	-
Total revenues and other support	9,702,904	337,332	10,040,236	10,803,826
Expenses:				
Salaries	4,460,060	-	4,460,060	3,729,895
Student activities	1,057,499	-	1,057,499	566,544
Donation	45,175	-	45,175	-
Depreciation	423,249	-	423,249	133,850
Employee benefits	991,200	-	991,200	868,818
Equipment rental	8,731	-	8,731	5,903
Food services	25,920	-	25,920	-
Insurance	83,188	-	83,188	110,868
Miscellaneous	24,338	-	24,338	50,436
Other Services	55,912	-	55,912	53,472
Professional services	409,090	-	409,090	368,224
Repairs and maintenance	216,639	-	216,639	80,632
Shared services	120,840	-	120,840	140,094
Supplies				
Instructional	297,422	-	297,422	891,207
Other	252,884	-	252,884	270,075
Transportation services	411,408	-	411,408	355,697
Travel	20,848	-	20,848	22,739
Utilities	181,728	-	181,728	186,213
Total expenses	9,086,131	-	9,086,131	7,834,667
Increase in net assets	616,773	337,332	954,105	2,969,159
Net assets at beginning of year	9,027,375	74,476	9,101,851	6,132,692
Net assets at end of year	\$ 9,644,148	\$ 411,808	\$ 10,055,956	\$ 9,101,851

The accompanying notes are an integral part of this financial statement.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Program Expense</u>	<u>Administrative Expenses</u>	<u>Fund Raising Expenses</u>	<u>Total</u>
Expenses:				
Salaries	\$ 3,815,150	\$ 536,933	\$ 107,977	\$ 4,460,060
Student activities	1,057,499	-	-	1,057,499
Donation	-	45,175	-	45,175
Depreciation	-	423,249	-	423,249
Employee benefits	847,876	119,327	23,997	991,200
Equipment rental	-	8,731	-	8,731
Food services	23,328	2,592	-	25,920
Insurance	-	83,188	-	83,188
Miscellaneous	1,460	22,146	730	24,336
Other services	-	55,912	-	55,912
Professional services	388,636	20,455	-	409,091
Repairs and maintenance	173,311	4,333	38,995	216,639
Shared services	108,756	12,084	-	120,840
Supplies				
Instructional	267,680	14,871	14,871	297,422
Other	227,596	5,058	20,231	252,885
Transportation services	411,408	-	-	411,408
Travel	11,258	9,590	-	20,848
Utilities	181,728	-	-	181,728
	<u>\$ 7,515,686</u>	<u>\$ 1,363,644</u>	<u>\$ 206,801</u>	<u>\$ 9,086,131</u>

The accompanying notes are an integral part of this financial statement.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2008)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Increase in net assets	\$ 954,105	\$ 2,969,159
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	423,249	133,850
(Increase)/decrease operating assets:		
Grants receivable	1,078,976	(2,126,616)
Miscellaneous receivable	(16,025)	(62,109)
Inventory	(29,268)	-
Prepaid expenses	86,062	(58,312)
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses	(60,560)	114,267
Contributions restricted for the acquisition of property and equipment	-	(60,000)
Net cash provided by operating activities	2,436,539	910,239
Cash flows from investing activities:		
Purchases of property and equipment	(143,784)	(1,436,642)
Net cash used in investing activities	(143,784)	(1,436,642)
Cash flows from financing activities:		
Collections of contributions received for the acquisition of property and equipment	-	160,000
Net cash provided by financing activities	-	160,000
Net increase (decrease) in cash and cash equivalents	2,292,755	(366,403)
Cash and cash equivalents at beginning of year	4,221,503	4,587,906
Cash and cash equivalents at end of year	<u>\$ 6,514,258</u>	<u>\$ 4,221,503</u>

The accompanying notes are an integral part of this financial statement.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Warren Easton Senior High School Foundation, Inc. d/b/a Warren Easton Charter High School (the School), incorporated on March 21, 2006, is an educational institution organized to improve student learning, increase learning opportunities for all students, encourage the use of innovative teaching methods and a variety of governance, management, and administrative structures, be more thoroughly accountable for educational results, and create new professional opportunities for teachers and other employees.

The Orleans Parish School Board (OPSB) approved the granting of a charter to the School effective May 16, 2006 for a period ending on June 30, 2011, to operate a Type 3 Charter School, as defined in LA R.S. 17:3973 (3) (b).

Financial Statement Presentation

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

The School follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of SFAS No. 116, Accounting for Contributions Received and Contributions Made, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2008 from which the summarized information was derived.

Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who stated specific use of the contribution.

The school classifies all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Grants Receivable

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

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

All promises to give are recognized as assets and revenues. The School did not have any promises to give at June 30, 2009 and 2008.

Inventory

Inventory consists of items that are sold at the School's store, The Eagles' Nest. Items sold at the store include sweaters, T-shirts, socks, school supplies, etc. Inventory on the financial statements is valued at cost.

Property and Equipment

Property and equipment obtained with non-public funds are the property of the School and are capitalized at cost. In 2008, it was the School's policy to capitalize expenditures for these items in excess of \$1,000. During 2009, the School increased the threshold amount of capitalized expenditures to \$2,500. Assets donated are carried at fair market value on the date of donation, net of accumulated depreciation. Depreciation is provided utilizing the straight-line method over the estimate useful lives of the asset.

Compensated Absences

All employees accrue 10 days of leave each year. At the end of the year, unused days are rolled over to the Teacher's Retirement System of Louisiana (TRSL). The School does not compensate employees for unused sick days.

Contributions and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is recognized as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the School, or when earned under the terms of the grants.

In-Kind Support

The School records the in-kind value of goods and services contributed to support various activities as support and related expenses. For the year ended June 30, 2009, in-kind support for instructional supplies and professional services was \$5,705. For the year ended June 30, 2008, in-kind support for instructional supplies and professional services was \$20,109.

Income Taxes

The School has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to Federal income tax unless the School has unrelated trade or business income.

Fundraising Expenses

All expenses associated with fundraising activities are expensed as incurred, including those expenses related to fundraising appeals in a subsequent year.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Allocated Expenses

The costs of providing the various programs and other activities are summarized in Note J. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

NOTE B – RESTRICTION ON ASSETS

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors.

Temporarily restricted net assets at June 30, 2009 and 2008 are for the following purposes:

	2009	2008
Student activities funds	\$ 146,656	\$ 40,258
Health clinic renovations	140,000	-
Hall of Fame scholarships	62,170	15,810
Auditorium lighting	30,000	-
Academic enhancements	20,007	5,000
Gymnasium lockers	12,000	-
Library books and other	975	13,408
	<hr/>	<hr/>
Total temporarily restricted net assets	\$ 411,808	\$ 74,476

The School does not have permanently restricted net assets as of June 30, 2009 and 2008.

NOTE C – CONCENTRATION OF CREDIT RISK

The School maintains cash balances at one financial institution. Accounts are insured by the Federal Deposit Insurance up to \$250,000 and \$100,000 per institution at June 30, 2009 and 2008, respectively. At June 30, 2009 and 2008, cash deposits in excess of the insured limited were \$6,299,784 and \$540,000, respectively.

Of the total cash balances, \$5,677,501 and \$4,076,663 was maintained in the Federated Government Obligations Tax Managed Fund as of June 30, 2009 and 2008, respectively.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	2009	2008
Leasehold improvements	\$ 373,127	\$ 353,360
Equipment	1,318,805	1,251,339
Construction in progress	56,551	-
	<hr/>	<hr/>
Total	1,748,483	1,604,699
	<hr/>	<hr/>
Accumulated depreciation	(568,697)	(145,448)
	<hr/>	<hr/>
Net book value	\$ 1,179,786	\$ 1,459,251

Depreciation expense for the year ended June 30, 2009 and 2008 totaled \$423,249 and \$133,850, respectively.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE E – LINE OF CREDIT

The School maintained a \$1,750,000 line of credit with a local financial institution, which bears interest at the Wall Street Journal prime rate, but not less than 7% per annum which was due March 26, 2009 and extended to April 21, 2010. The line of credit is unsecured. At June 30, 2009 and 2008, the School had no outstanding borrowings under the line of credit.

NOTE F – RETIREMENT PLAN

Substantially all employees of the School participate in the Teacher's Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute to the plan 8% of the annual covered payroll. For the years ended June 30, 2009 and 2008, the School is required to contribute 15.5% and 16.6%, respectively, of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the years ended June 30, 2009 and 2008, the School contributions to the plan totaled \$621,794 and \$563,922, respectively.

NOTE G – GRANTS

The United States Department of Education awarded a grant to the Louisiana Department of Education, which was awarded to the School as a subrecipient, to support the planning, development, and initial implementation of the charter school. The grant funds must be used to plan and implement a charter school. For the years ended June 30, 2009 and 2008, the School recognized revenue under this grant of \$259,492 and \$69,986, respectively.

The United States Department of Education awarded a grant to Orleans Parish School Board, which was awarded to School as a subrecipient, to help ensure that all children meet challenging state academic standards. The grant funds must be used to provide additional academic support and learning opportunities to help low-achieving children master challenging curriculum and meet state standards in core academic subjects. For the years ended June 30, 2009 and 2008, the School recognized revenue under this grant of \$1,177,875 and \$2,256,406, respectively.

The United States Department of Education awarded a grant to Orleans Parish School Board, which was awarded to the School as a subrecipient, to assist school administrators and personnel in restarting school operations, reopening schools, and reenrolling students. The grant funds must be used for recovery of information, financial operations, replacement of instructional materials, redevelopment of instructional plans, and initiating and maintaining education and support services. No revenue was recognized under this grant for the year ended June 30, 2009. For the year ended June 30, 2008, the School recognized revenue under this grant of \$336,780.

The United States Department of Education awarded a grant to Orleans Parish School Board, which was awarded to the School as a subrecipient, to increase academic achievement through strategies such as improving teacher and principal quality and increase the number of highly qualified teachers, principals, and assistant principals. The grant funds must be used to assist schools in effectively recruiting and retaining highly qualified teachers and to make available professional development activities that address subject matter knowledge and other activities. For the years ended June 30, 2009 and 2008, the School recognized revenue under this grant of \$85,569 and \$248,129, respectively.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE G – GRANTS, (continued)

The United States Department of Education awarded a grant to Orleans Parish School Board, which was awarded to the School as a subrecipient, to assist in the reformation of elementary and secondary education. The grant funds must be used to support education reform efforts, implementing promising educational reform programs and school improvement programs which rely on scientifically based research. The grant also provides as a continuing source of innovation and educational improvement including support programs, that provide library services and instructional services and media materials. The grant also provides for the development and implementation of education programs to improve school, student, and teacher performance. For the year ended June 30, 2009, the School had \$10,392 due to grantor under this grant due to submitting and recognizing unallowed amounts in the prior year. For the year ended June 30, 2008, the School recognized revenue under this grant of \$175,986.

The United States Department of Education awarded a grant to Orleans Parish School Board, which was awarded to the School as a subrecipient, to assist in the long-term planning needs for the school. The grant funds must be used to address both current needs for educational success and the long-term planning needs of the school. For the years ended June 30, 2009 and 2008, the School recognized revenue under this grant of \$1,734 and \$164,920, respectively.

The United States Department of Education awarded a grant to Orleans Parish School Board, which was awarded to the School as a subrecipient, to provide a disciplined environment conducive to learning, by preventing violence in and around the school. The grant also aims to strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs. The grant funds must be used to convey a clear and consistent message that illegal use of alcohol and other drugs is wrong and harmful. For the years ended June 30, 2009 and 2008, the School recognized revenue under this grant of \$12,535 and \$19,768, respectively.

The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. This state funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the years ended June 30, 2009 and 2008, the School recognized revenue under this grant of \$3,127,365 and \$2,769,869, respectively.

The Orleans Parish School Board provides funding which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. Revenues are received by the Orleans Parish School Board from sales tax revenues, ad valorem taxes, and other sources. For the years ended June 30, 2009 and 2008, the School recognized revenue under this grant of \$3,798,144 and \$3,340,971, respectively.

The United States Department of Education awarded a grant to Orleans Parish School Board, which was awarded to the School as a subrecipient, to support the creation of community learning centers that provide academic enrichment opportunities during non-school hours for children, particularly students who attend high-poverty and low-performing schools. The program helps students meet state and local student standards in core academic subjects, such as reading and math; offers students a broad array of enrichment activities that can complement their regular academic programs; and offers literacy and other educational services to the families of participating children. For the year ended June 30, 2009, the School recognized revenue under this grant of \$13,024. No revenue was recognized under this grant for the year ended June 30, 2008.

The United States Department of Education awarded a grant to Orleans Parish School Board, which was awarded to the School as a subrecipient, to help them ensure that children with disabilities, have access to a free appropriate public education to meet each child's unique needs and prepare each child for further education, employment, and independent living. For the years ended June 30, 2009, the School recognized revenue under this grant of \$53,996. No revenue was recognized under this grant for the year ended June 30, 2008.

NOTE H – RELATED PARTY TRANSACTIONS

During fiscal year 2009, the School had related party expenses totaling \$146,760 with Orleans Parish School Board, the School's Local Educational Agency (LEA). Shared services, which are the IT services provided by the LEA, account for \$120,840 of the related party expenses. The remaining \$25,920 is for the Food Services provided by the LEA for meals at the School. During fiscal year 2008, the School had related party expenses totaling \$140,094 for shared services.

The School had a receivable at June 30, 2009 and 2008 of \$65,554 to Orleans Parish School Board, the LEA, for a chiller.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE I – SCHOOL OPERATION/LEASEHOLD INTEREST

Effective May 16, 2006, the School entered into an agreement with the Orleans Parish School Board, which allows the School to use the facilities and contents located at 3019 Canal Street, New Orleans, LA 70119, or any other locations that may be approved by the School and the Orleans Parish School Board. This agreement expires on June 30, 2011. The agreement may be renewed at the option of the Orleans Parish School Board.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. If capital improvements are made by the School with non-public funds to any site which it operates, and the charter contract is revoked or terminated, the School will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to the Orleans Parish School Board at the time the agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

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

NOTE J – FUNCTIONAL ALLOCATION OF EXPENSES

Expenses have been reported on the statement of activities by natural classification. To present expenses by functional classifications, expenses are charged to program services and supporting services (management and general expense and fundraising expense) based on management's estimate of periodic time and expense evaluations. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

Total expenses for the years ended June 30, 2009 and 2008 are allocated as follows:

	<u>2009</u>	<u>2008</u>
Program services	\$ 7,515,686	\$ 6,992,447
Supporting services:		
Management and general	1,363,644	625,089
Fundraising	<u>206,801</u>	<u>217,131</u>
	<u>\$ 9,086,131</u>	<u>\$ 7,834,667</u>

NOTE K – COMMITMENTS

The School has employment contracts with most of its employees. The contracts for the current year expired June 30, 2009. All contracts provide for a minimum annual salary and other benefits.

NOTE L – RISK MANAGEMENT

The School is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the year ended June 30, 2009.

REQUIRED SUPPLEMENTAL INFORMATION

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Pass-through programs from			
Louisiana Department of Education -			
Public Charter School Program	84.282	28-07-CH-36	\$ 294,677
Pass-through programs from:			
Louisiana Department of Education -			
Orleans Parish School Board			
Title I - Grants to Local Educational Agencies - Part A - Basic	84.010A	28-09-TI-36	1,200,575
Title II - Teacher & Principal Training & Recruitment Fund	84.367A	28-09-50-36	85,569
Title IV-Safe and Drug Free Schools and Communities	84.186A	28-09-70-36	13,948
Title V - Promoting Informed Parental Choice and Innovative Programs	84.298	28-09-80-36	48,560
21st Century Community Learning Centers	84.287	28-09-CC-36	4,250
Special Education - Grants to States - IDEA Part B	84.027	28-09-B1-36	53,996
Hurricane Katrina Foreign Contributions	84.940C	28-07-FC-36	1,734
Total expenditures of federal awards			<u>\$ 1,703,309</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 - Summary of Significant Accounting Policies

a. Basis of Presentation

This schedule includes the federal grant activity of Warren Easton Senior High School Foundation Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

b. Accrued Reimbursement

Various reimbursement procedures are used for federal awards received by the School. Consequently, timing differences between expenditures and program reimbursements exist at the end of the year.

Note 2 - Reconciliation of federal grant revenue to expenditures of federal awards

Expenditures of federal awards during the year ended June 30, 2009	\$ 1,703,309
Expenditures incurred during the year ended June 30, 2008 but not billed until 2009	8,271
Expenditures recorded in 2008 but unallowed in 2009	<u>(117,746)</u>
Total federal grants revenue	<u>\$ 1,593,834</u>

See independent auditors' report.

OTHER INDEPENDENT AUDITORS' REPORTS

Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA
Craig A. Silva, CPA*
Thomas A. Gurtner, CPA*
Kenneth J. Abney, CPA, MS Tax*

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

Board of Directors
Warren Easton High School Foundation, Inc
New Orleans, Louisiana

We have audited the financial statements of Warren Easton High School Foundation, Inc. (the School), as of and for the year ended June 30, 2009, and have issued our report thereon dated September 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Warren Easton High School Foundation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Warren Easton High School Foundation, Inc.'s internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren Easton High School Foundation, Inc.'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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Warren Easton High School Foundation, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Warren Easton High School Foundation, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Trustees, the Louisiana Legislative Auditor, the Louisiana Department of Education, and the Orleans Parish School Board. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Julia Sautter & Abney, LLC

September 4, 2009

Silva Gurtner & Abney

Certified Public Accountants & Consultants

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Craig A. Silva, CPA*
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133

Board of Directors
Warren Easton High School Foundation, Inc
New Orleans, Louisiana

Compliance

We have audited the compliance of the Warren Easton High School Foundation, Inc. (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Warren Easton High School Foundation, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Warren Easton High School Foundation, Inc.'s management. Our responsibility is to express an opinion on the Warren Easton High School Foundation, Inc.'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 for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (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 the Warren Easton High School Foundation, Inc.'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 the Warren Easton High School Foundation, Inc.'s compliance with those requirements.

In our opinion, the Warren Easton High School Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control over Compliance

The management of the Warren Easton High School Foundation, Inc. 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 the Warren Easton High School Foundation, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Warren Easton High School Foundation, Inc.'s internal control over compliance.

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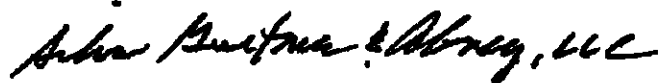
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A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We identified one deficiency in internal control over compliance that is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying schedule of findings and questioned costs as item 2009-1.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, and the Orleans Parish School Board. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



September 4, 2009

**WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified

not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified

not considered to be material weaknesses?

_____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

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

 X yes _____ no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010A

Title I - Grants to LEA's - Part A - Basic

Dollar threshold used to distinguish between Type A and Type B programs:

 \$300,000

Auditee qualified as low-risk audit?

_____ yes X no

**WARREN EASTON SENIOR HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

**Section II--Internal Control & Compliance
Governmental Auditing Standards**

Internal Control over Financial Reporting

None noted

**Section II--Internal Control & Compliance
OMB Circular A-133**

Reference number: 2009-1

Federal Program and Specific Award Identification:

Federal Program: Title I - Grants to Local Educational Agencies

CFDA Numbers: 84.010A

Federal Program: Title II - Teacher & Principal Training & Recruitment Fund

CFDA Numbers: 84.367

Criteria: An adequate internal control structure requires account review and reconciliation before grant submission to prevent duplicate payments.

Condition: In one instance, submission for one invoice was made for both Title I and Title II. In another instance, one invoice was submitted twice under the Title I grant.

Cause: Lack of adequate internal control procedures to ensure no duplicate submissions.

Effect: The failure to perform account reconciliations before grant submission allowed duplicate submissions. The errors were identified by the School and the duplicate submissions were deducted from future submissions.

Recommendation: We recommend that employees perform account reconciliations before grant submission.

Corrective action plan: The School will begin performing and reviewing account reconciliations before grant submission.

**WARREN EASTON SENIOR HIGH SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

**Section I—Internal Control & Compliance
Governmental Auditing Standards**

Internal Control over Financial Reporting

Reference number: 2008-1

Condition: Financial statements and required disclosures were prepared by the auditors.

Recommendation: Management and those charged with governance can mitigate the lack of qualifications and expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Management's corrective action plan or current status: Resolved. Management did prepare the 2009 financial statements and disclosures.

Reference number: 2008-2

Condition: The communication with the outside payroll service, transfers of funds into the payroll account and the recording of payroll related entries in the general ledger are performed by the same employee. The same employee also receives the payroll bank statements and reconciles the statement without management oversight. In addition, bank reconciliations are not documented as approved by a management level employee.

Recommendation: The School should implement adequate internal controls relating to the payroll related functions and payroll bank reconciliation process in the form of segregation of duties. Payroll registers and payroll master file changes should be reviewed by management and the review should be documented on the register and master file. Payroll bank reconciliations should be performed by another employee or at a minimum reviewed by management with documentation to support the review. There should be management oversight to ensure the School is complying with its policies and procedures and to ensure the School's assets are not misappropriated.

Management's corrective action plan or current status: Resolved. While one person still transfers funds into the payroll account, records the payroll entry into the general ledger and reconciles the bank account, all three are reviewed and signed off on by the Principal for every payroll period.

Reference number: 2008-3

Condition: The bank reconciliation was not maintained for the Foundation Checking account. Bank reconciliations are not reviewed and approved by either the Financial Officer or management, and bank reconciliations prepared by the Financial Officer are not approved by management.

Recommendation: The School should implement an adequate control environment which includes written policies and procedures regarding the bank reconciliation process.

Management's corrective action plan or current status: Resolved. The Foundation bank account is reviewed and signed off on by the Financial Officer, while the Operating and Student Activity bank reconciliation is reviewed and signed off on by the Principal.

**WARREN EASTON SENIOR HIGH SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

Reference number: 2008-4

Condition: A transfer from the operating account to the payroll account was duplicated.

Recommendation: The School should implement a control environment which includes written policies and procedures regarding the bank transfer process. The amount computed by the payroll processing company for each pay period should be approved by management, agreed to the payroll register, and agreed to the payroll bank statement at the end of the month.

Management's corrective action plan or current status: Resolved. There is only one transfer that is done and that is from the Operating account into the Payroll account. The Financial Officer is preparing the transfer and the Principal is signing off on the transfer and the bank reconciliation to ensure duplicate amounts are not transferred.

Reference number: 2008-5

Condition: Grant revenue, expense, and receivable accounts were not accurately reconciled to grant reimbursement requests, bank reconciliations included several old outstanding checks which have not been investigated or written off, repairs and maintenance included charges for leasehold improvements, and student activities were not properly reconciled.

Recommendation: The School should implement adequate controls relating to the timely and accurate reconciliation of general ledger accounts.

Management's corrective action plan or current status: Resolved. The Financial Officer, who is a CPA, was hired in January 2008. The Grant Manager was hired in December 2008 to increase the accounting department staff, to support management, and to meet the School's accounting requirements. General ledger accounts are being reconciled quarterly at a minimum with most reconciled monthly. Management level reviews are done of all reconciliations including discussion of significant and/or old reconciling items.

Reference number: 2008-6

Condition: Grant reimbursement requests eligible for the fiscal year end June 30, 2008 charges were not submitted to Orleans Parish School Board on a timely basis. In addition, there are no monitoring controls in place to ensure that eligible expenses are submitted for reimbursement. As a result, audit adjustments were required to reconcile grant revenue and receivable balances.

Recommendation: The School should prepare grant reimbursement requests on a timely basis and management should provide oversight of this process.

Management's corrective action plan or current status: Resolved. The School hired a CPA as a Financial Officer in January 2008 and a Grant Manager in December 2008. The computer software system obtained from Orleans Parish School Board became operational in December 2007. The hiring of a Grant Manager in December has enabled the School to timely submit reimbursement requests.

Reference number: 2008-7

Condition: We noted an excessive amount of journal entries. Journal entries were reversed and duplicated. There is an inadequate review process for journal entries to be posted into the general ledger system at the School. The Financial Officer has the authority to post journal entries without adequate supervisory review. Consequently, erroneous and duplicate journal entries have been posted to the general ledger.

Recommendation: The School should establish adequate internal control procedures to ensure all journal entries are reviewed and approved prior to posting.

**WARREN EASTON SENIOR HIGH SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

Management's corrective action plan or current status: Resolved. The Foundation journal entries are reviewed and signed off on by the Financial Officer, while the Operating and Student Activity journal entries are reviewed and signed off on by the Principal. The amount of journal entries necessary is reasonable.

Reference number: 2008-8

Condition: The School did not prepare and provide interim financial statements which included year to date information to the Board during the 2008 fiscal year. Additionally, the untimely recording of financial information, including recording of fund balance, revenues, and expenses made any information provided to the Board unreliable.

Recommendation: The School should include the financial statements of the Student Activities Fund with the operations of the School for a complete financial statement presentation on a monthly basis. The School should implement control procedures to ensure the revenues, expenses, and net assets of the Student Activities Fund are properly adjusted and recorded in the general ledger. In addition, detailed operating statements for the Foundation and Student Activities Fund should be presented and reviewed at finance committee meetings.

Management's corrective action plan or current status: Resolved. Student Activity financials are presented at the monthly Board meetings with the activity looked at by both the Financial Officer and the Principal before the meeting. Financial Statements for Operations, Student Activity Funds and Foundation are presented at each Board meeting.

Reference number: 2008-9

Condition: Internal controls relating to the accounting for grant receivables and revenues are ineffective. The grants receivable accounts required adjustments totaling \$170,486 resulting from the lack of reconciliation of the reimbursement request. In addition, adjustments were recorded to reclassify between expense and revenues.

Recommendation: The School should record the grant receivable balance from the reimbursement request forms. The grant receivable account should be reconciled on a monthly basis and the reconciliation should be documented as approved by management.

Management's corrective action plan or current status: Resolved. A Grant Manager was added to the staff in December 2008. Grants receivable ties back to the reimbursement request forms and the account is reconciled monthly.

Reference number: 2008-10

Condition: As of June 30, 2008, leasehold improvement additions were not recorded. The fixed asset account required adjustments totaling \$227,448 resulting from charges that met the criteria for capitalization.

Recommendation: The School should review the expense accounts on a monthly basis and determine which charges meet its capitalization policy.

Management's corrective action plan or current status: Resolved. The School is reviewing its expense accounts on a monthly basis in fiscal year 2009 to determine which charges meet its capitalization policy. A CPA was hired as Financial Officer in January 2008. Accounts are reviewed on a regular basis to check on the adherence to the capitalization policy.

Reference number: 2008-11

Federal Program and Specific Award Identification: Title I – Grants to Local Educational Agencies. CFDA Number: 84.010

Condition: Based on the testing of benefit expenses, it was noted that pension costs were submitted for reimbursement for an employee who was not entitled to receive pension benefits. This resulted in an overcharge for benefit expenses.

**WARREN EASTON SENIOR HIGH SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

Questioned Costs: \$41

Recommendation: The School should comply with the provisions of OMB Circular A-122. Reimbursement requests should only include the portion of employee benefits paid by the School. The School's controller should review the reimbursement requests to ensure all employee benefit expenses submitted for reimbursement include only actual expenses. The reimbursement requests should also be reviewed by management for propriety.

Management's corrective action plan or current status: Resolved. Additional staff was hired, including a Financial Officer, who is a CPA, and a Grant Manager. Reimbursement requests are prepared by the Grant Manager and reviewed by the Financial Officer to ensure that employee benefits are accurately submitted.

Reference number: 2008-12

Federal Program and Specific Award Identification: Title I – Grants to Local Educational Agencies and Hurricane Education Restart Grant. CFDA Numbers: 84.010 and 84.938A.

Condition: The School did not maintain documentation to support the rationale to limit competition in those cases where competition was limited. The School purchased goods and services in excess of amounts where state bid law requires sealed bids and advertisements. The School purchased goods and services in excess of amounts where the state bid law requires three phone bids. The vendors that provided the goods and services were deemed to be the sole providers for the specified goods or services.

Questioned Costs: Not applicable.

Recommendation: The School should comply with the provisions of OMB Circular A-110. The School should maintain documentation to support the rationale for limiting competition and maintain documentation which supports the position that the vendor is the sole provider of the particular goods or service.

Management's corrective action plan or current status: Resolved. The person requesting the purchase is required to either note that the supplier is a sole provider on the purchase request or submit the request with documentation supporting compliance with the state bid law. Requests and supporting documentation are then reviewed and approved by the Controller and Principal.

Reference number: 2008-13

Federal Program and Specific Award Identification: Title I – Grants to Local Educational Agencies. CFDA Number: 84.010

Condition: In two instances, duplicate payments were made for the same invoices and those expenses were incorrectly included on federal grant reimbursement requests.

Questioned Costs: \$747

Recommendation: The School should implement adequate control procedures whereby all paid invoices are cancelled via a "paid" stamp in order to prevent duplicate payments. During our testing, it was noted that invoices are not marked as paid or cancelled. In two instances, invoices were paid twice and submitted for reimbursement. In one of those instances, the reimbursement was received during the year and the other was received subsequent to year end. This overcharge should be refunded to the grantor.

Management's corrective action plan or current status: Partially resolved. The Grant Manager is now responsible for reconciling the account and will only submit items that are included in the receivables balance. However, prior to this control, there were duplicate submissions again this year that were identified when reconciliations were done and were then corrected on the next submissions.

**SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Warren Easton Senior High School Foundation, Inc.
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 Warren Easton Senior High School Foundation, Inc. and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Warren Easton Senior High School Foundation, Inc. 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). This agreed-upon procedures engagement was performed in accordance with standards established by the *American Institute of Certified Public Accountants and Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the 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 relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 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.

Findings: None

Education Levels of Public School Staff (Schedule 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 4) to the combined total number of full-time classroom teachers per this schedule and to school supporting payroll records as of October 1st.

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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 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

Findings: None

Number and Type of Public Schools (Schedule 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.

Findings: None

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

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Findings: None

Public School Staff Data (Schedule 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 if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Findings: None

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

Findings: None

Class Size Characteristics (Schedule 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 3 data. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Findings: None

Louisiana Educational Assessment Program (LEAP) (Schedule 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 Warren Easton Senior High School Foundation, Inc.

Findings: Not applicable.

The Graduation Exit Exam (GEE) (Schedule 8)

11. 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 Warren Easton High School Foundation, Inc.

Findings: None

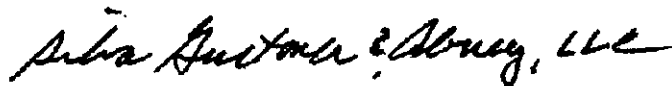
The iLEAP Tests (Schedule 9)

12. 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 Warren Easton High School Foundation, Inc.

Findings: None

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 use of management of Warren Easton Senior High School Foundation, Inc., the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



September 4, 2009

WARREN EASTON HIGH SCHOOL FOUNDATION, INC
SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)
FOR THE YEAR ENDED JUNE 30, 2008

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

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

Schedule 2 - Education Levels of Public School Staff

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

Schedule 3 - Number and Type of Public Schools

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

Schedule 4 - Experience of Public Principals and Full-time Classroom Teachers

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

Schedule 5 - Public School Staff Data

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

Schedule 6 - Class Size Characteristics

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

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

Not applicable.

Schedule 8 - Graduation Exit Exam (GEE)

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 9 - The iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

**WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2009**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 1,954,895	
Other Instructional Staff Activities	229,816	
Employee Benefits	560,822	
Purchased Professional and Technical Services	8,217	
Instructional Materials and Supplies	254,058	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		3,007,808

Other Instructional Activities		6,219
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Pupil Support Services	370,854	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		370,854

Instructional Staff Services	187,974	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		187,974

School Administration	626,680	
Less: Equipment for School Administration	-	
Net School Administration		626,680

Total General Fund Instructional Expenditures		<u>\$ 4,199,535</u>
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Total General Fund Equipment Expenditures		<u>\$ -</u>
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Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-
Total Local Taxation Revenue	<u>\$ -</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	<u>\$ -</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	<u>\$ -</u>

Nonpublic Textbook Revenue	<u>\$ -</u>
Nonpublic Transportation Revenue	<u>\$ -</u>

See independent accountants' report on applying agreed-upon procedures.

WARREN EASTON HIGH SCHOOL FOUNDATION, INC
EDUCATION LEVELS OF PUBLIC SCHOOL STAFF
AS OF OCTOBER 1, 2008

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree			1	12.5%				
Bachelor's Degree	25	64.1%	6	75.0%				
Master's Degree	11	28.2%	1	12.5%	1	50.0%		
Master's Degree + 30	3	7.7%			1	50.0%		
Specialist in Education								
Ph. D. or Ed. D.								
Total	39	100.0%	8	100.0%	2	100.0%		

See independent accountants' report on applying agreed-upon procedures.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC
NUMBER AND TYPE OF PUBLIC SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2009

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

See independent accountants' report on applying agreed-upon procedures.

WARREN EASTON HIGH SCHOOL FOUNDATION, INC
EXPERIENCE OF PUBLIC PRINCIPALS AND FULL-TIME CLASSROOM TEACHERS
AS OF OCTOBER 1, 2008

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals					1			1
Principals							1	1
Classroom Teachers	1	9	6	6	8	6	11	47
Total	1	9	6	6	9	6	12	49

See independent accountants' report on applying agreed-upon procedures.

WARREN EASTON HIGH SCHOOL FOUNDATION, INC
PUBLIC SCHOOL STAFF DATA
FOR THE YEAR ENDED JUNE 30, 2009

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$48,615	\$48,468
Average Classroom Teachers' Salary Excluding Extra Compensation	\$48,505	\$48,353
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	46.7	44.7

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee

See independent accountants' report on applying agreed-upon procedures.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
CLASS SIZE CHARACTERISTICS
AS OF OCTOBER 1, 2008

	Class Size Range							
	1-20		21-26		27-33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle / Jr. High								
Middle / Jr. High Activity Classes								
High	23.35%	67	35.54%	102	26.48%	73		
High Activity Classes	1.05%	3	1.05%	3	2.44%	7	1.39%	4
Combination	4.53%	13	1.39%	4	0.35%	1		
Combination Activity Classes	0.35%	1			0.35%	1	1.74%	5

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.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC
LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)
FOR THE YEAR ENDED JUNE 30, 2009**

This schedule does not apply to Warren Easton High School as grade levels for the school are grades 9 through 12.

See independent accountants' report on applying agreed-upon procedures.

WARREN EASTON HIGH SCHOOL FOUNDATION, INC
GRADUATION EXIT EXAM (GEE)
FOR THE YEAR ENDED JUNE 30, 2009

District Achievement Level	English Language Arts						Mathematics					
	2007		2008		2009		2007		2008		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	1	0.5%					1	0.5%	4	1.8%	3	1.3%
Mastery	3	1.4%	14	6.3%	12	5.3%	10	4.7%	21	9.4%	35	15.5%
Basic	85	40.3%	109	49.1%	140	62.0%	105	48.8%	115	51.6%	143	63.3%
Approaching Basic	80	37.9%	69	31.1%	60	26.5%	56	26.0%	48	21.5%	30	13.3%
Unsatisfactory	42	19.9%	30	13.5%	14	6.2%	43	20.0%	35	15.7%	15	6.6%
Total	211	100.0%	222	100.0%	226	100.0%	215	100.0%	223	100.0%	226	100.0%

District Achievement Level	Science						Social Studies					
	2007		2008		2009		2007		2008		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced					1	0.5%						
Mastery	10	5.2%	5	2.2%	20	9.8%					3	1.5%
Basic	46	24.1%	62	27.8%	110	53.9%	100	45.9%	100	44.8%	123	60.3%
Approaching Basic	72	37.7%	96	43.0%	56	27.5%	51	23.4%	77	34.5%	50	24.5%
Unsatisfactory	63	33.0%	60	26.9%	17	8.3%	67	30.7%	46	20.6%	28	13.7%
Total	191	100.0%	223	100.0%	204	100.0%	218	100.0%	223	100.0%	204	100.0%

See independent accountants' report on applying agreed-upon procedures.

WARREN EASTON HIGH SCHOOL FOUNDATION, INC
THE iLEAP TESTS
FOR THE YEAR ENDED JUNE 30, 2009

District Achievement Level Results	English Language Arts				Mathematics			
	2009		2008		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 9								
Advanced					2	1.00%		
Mastery	9	4.57%	8	3.98%	15	7.58%	9	4.48%
Basic	127	64.47%	121	60.20%	125	63.13%	129	64.18%
Approaching Basic	54	27.41%	65	32.34%	31	15.66%	42	20.90%
Unsatisfactory	7	3.55%	7	3.48%	25	12.63%	21	10.44%
Total	197	100.00%	201	100.00%	198	100.00%	201	100.00%

See independent accountants' report on applying agreed-upon procedures.

Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA
Craig A. Silva, CPA*
Thomas A. Gurtner, CPA*
Kenneth J. Abney, CPA, MS Tax*

*Limited Liability Companies

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Warren Easton High School Foundation, Inc.
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Warren Easton Senior High School Foundation, Inc. (the School) and the Orleans Parish School Board, solely to assist users in evaluating the School's use of dedicated millage funds and its compliance with the Charter Agreement related to pupil count for the period ended June 30, 2009. Warren Easton Senior High School Foundation, Inc.'s management is responsible for proper use of dedicated millage funds and compliance with the Charter Agreement related to pupil count. This agreed-upon procedures engagement was performed in accordance with standards established by the *American Institute of Certified Public Accountants and Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the 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:

Dedicated Millage (Purpose A-D)

1. We obtained the schedule below from the School of its expenditures for each Dedicated Millage Purpose for the fiscal year and traced the expenditures to the General Ledger.

<u>Purpose</u>	<u>Total Expenditures</u>	<u>Expenditures Per Student</u>
A	\$ 101,341	\$ 117.97
B	\$ 107,788	\$ 125.48
C	\$ 486,540	\$ 566.40
D	\$ 152,921	\$ 178.02

Findings: None

Charter Agreement

2. We obtained the February 1, 2009 total student count of 859 for the School and a list of the students from the School's Student Information System. We compared the total from the Student Information System with the total student count.

Findings: None

4565 LaSalle St., Ste. 300
Mandeville, LA 70471
Phone: (985) 626-8299
Fax: (985) 626-9767

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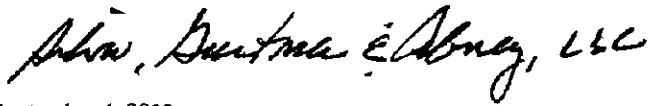
4330 Dumaine Street
New Orleans, LA 70119
Phone: (504) 833-2436
Fax: (504) 484-0807

3. We selected a random sample of students from the School's Student Information System and obtained teachers' roll books for the selected students. We determined if the student was classified properly in the Student Information System.

Findings: None

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying procedures. 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 the Orleans Parish School Board and management of Warren Easton Senior High School Foundation, Inc. and is not intended to be and should not be used by anyone other than these specified parties.



September 4, 2009