FINANCIAL AND COMPLIANCE AUDIT TOGETHER WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2012



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of New Beginnings Schools Foundation

We have audited the accompanying statement of financial position of the New Beginnings Schools Foundation (the Foundation) (a not-for-profit corporation) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management of the Foundation. 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 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 **the Foundation** as of June 30, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with <u>Government Auditing Standards</u>, we have also issued our report dated December 10, 2012 on our consideration of **the Foundation's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> and should be considered in assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of New Beginnings Schools Foundation Page 2

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

BRUNO & TERVALON LLP

CERTIFIED PUBLIC ACCOUNTANTS

New Orleans, Louisiana

December 10, 2012



STATEMENT OF FINANCIAL POSITION JUNE 30, 2012

<u>ASSETS</u>		
Cash	\$	1,580,334
Cash - restricted		53,182
Grants receivable		1,443,560
Other receivables		174,195
Prepaid expenses	,	74,709
Property and equipment, net (NOTE 5)		994,796
Total assets	\$	4,320,776
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$	525,822
Accrued liabilities		589,180
Due to funding source		50,078
Student activity funds		53,182
Compensated absences		75,696
Deferred revenue		38,447
Total liabilities		<u>1,332,405</u>
Net Assets:		
Unrestricted		2,883,371
Temporarily restricted (NOTE 8)		105,000
Total net assets		2,988,371
Total liabilities and net assets	\$	4,320,776

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted		Temporarily restricted		Total
REVENUES	Omestricted		restricted	_	
Local sources:					
Minimum Foundation Program (NOTE 1) \$	7,370,440	\$	_	\$	7,370,440
Contributions-unrestricted	19,524	Ψ	_	Ψ	19,524
Contributions-temporarily restricted (NOTE 8)	13,551		105,000		105,000
Charges for food services	7,795				7,795
Interest earnings	266		_		266
Fundraising activities	14,680		_		14,680
Other	3,226		_		3,226
Culei	3,220			-	5,225
Total local sources	7,415,931		105,000		7,520,931
State sources:					
Minimum Foundation Program (NOTE 1)	6,168,676		_		6,168,676
Grants	2,225		_		2,225
Total state sources	6,170,901			_	6,170,901
Total state sources	0,170,501	-		-	0,170,501
Federal grants	5,322,978	- -		_	5,322,978
Total revenues	18,909,810		105,000	_	19,014,810
EXPENSES					
Program Services:					
Instruction programs	8,621,227		-		8,621,227
Support Services:					
Pupil support services	1,284,589		•		1,284,589
Instructional staff services	697,994		-		697,994
General and administrative services	894,115		•		894,115
School administration	919,272		-		919,272
Business services	470,918		-		470,918
Operations and maintenance	1,814,072		-		1,814,072
Student transportation services	1,185,363		-		1,185,363
Central services	13,870		-		13,870
Food services operations	1,362,854		-		1,362,854
Bad debt expense	66,550		-		66,550
Depreciation	327,135			_	327,135
Total expenses	17,657,959		-	_	17,657,959
Change in net assets	1,251,851		105,000		1,356,851
Net assets - July 1, 2011	1,706,601		•		1,706,601
Adjustments to beginning net assets (NOTE 7)	(75,081)		<u>-</u>	_	(75,081)
Net assets - June 30, 2012 \$	2,883,371	. \$ _	105,000	\$ _	2,988,371

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets Adjustments to reconcile change in net assets to net cash provided by operating activities:	\$	1,356,851
Depreciation		327,135
Adjustments to beginning net assets		(75,081)
Changes in Assets and Liabilities:		
Increase in other receivables		(44,346)
Increase in grants receivable		(81,155)
Increase in prepaid expenses		(74,420)
Decrease in accounts payable		(559,109)
Increase in accrued liabilities		589,180
Increase in student activity funds		46,064
Increase in compensated absences		75,696
Increase in deferred revenue		38,447
Increase in due to funding source		50,078
Net cash provided by operating activities		1,649,340
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(913,205)
Net cash used in investing activities		(913,205)
Increase in cash		736,135
Cash, beginning of year		897,381
Cash, end of year	_\$	1,633,516

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General

The New Beginnings Schools Foundation (the Foundation) was awarded a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2004 to operate a public charter school d/b/a Pierre A. Capdau Charter School (Capdau). The Foundation was awarded a second charter by BESE for Medard H. Nelson Charter School (Nelson) prior to the start of the 2005-06 school year. The Foundation was awarded its third charter from BESE for Lake Area New Tech Early College High School (Lake Area NTECHS) prior to the start of the 2009-10 school year. The Foundation was awarded its fourth charter by BESE for Gentilly Terrace Elementary School (Gentilly Terrace) prior to the start of the 2010-11 school year.

The Foundation seeks to provide education services according to the educational standards established by law, the charter contract and the charter proposal; measures pupil progress toward stated goals; and participates in pupil assessments as required by law, regulation and BESE policy.

The Foundation's mission states that the charter schools are a community of learners of which academic achievement and personal growth are expected and are supported in a positive, inclusive, and enriched environment.

During the 2012 school year, the Foundation provided educational services to students in kindergarten through twelfth grades with a total enrollment from all charter schools of 1,784 students. Pierre A. Capdau served 340 students in grades kindergarten through eighth, Medard H. Nelson served 420 students in grades pre-kindergarten through eighth, Lake Area New Tech Early College High School served 601 students in grades nine through twelve, and Gentilly Terrace served 423 students in grades pre-kindergarten through eighth.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Basis of Accounting

The Foundation's financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

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

Fixed Assets

Fixed assets of the Foundation with a unit cost of \$5,000 or more are recorded as assets (capitalized) and are stated at historical costs, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation is provided utilizing the straight-line method over the estimated useful life of the asset.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Grant Revenue

Revenues from governmental grants are recognized when allowable expenditures are made by **the Foundation**. Funds received for specific purposes but not yet expended are recorded as deferred revenue.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include all highly liquid instruments purchased with original maturities of three (3) months or less. **The Foundation** had no cash equivalents at June 30, 2012.

Income Taxes

The Foundation is exempt from federal income taxes through Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. The Foundation files as a tax-exempt organization. Should that status be challenged in the future, the Foundation's 2009, 2010 and 2011 tax years are open for examination by the IRS.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Financial Statement Presentation

For the year ended June 30, 2012, the Foundation followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205, Not-for-Profit Entities, Presentation of Financial Statements, in the presentation of its financial statements. Under FASB ASC Section 958-205, the Foundation is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Accordingly, net assets and changes therein are classified and reported as follows:

- o *Unrestricted Net Assets* Support, revenues, and expenses for the general operation of **the Foundation**.
- o **Temporarily Restricted Net Assets** Contributions specifically authorized by the donor to be used for a certain purpose or to benefit a specific accounting period.
- o **Permanently Restricted Net Assets** Contributions subject to donor imposed restrictions and that are to be held in perpetuity by **the Foundation**. Generally, the donors of these assets permit **the Foundation** to use all or part of the income derived from the investment of these contributions.

At June 30, 2012, the Foundation had no permanently restricted net assets.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (CONTINUED):

Contributions

The Foundation accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition*, in accounting for contributions received and contributions made. In accordance with FASB ASC Section 958-605, contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and nature of any donor imposed restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Minimum Foundation Program

As Type 5 charter schools, Pierre A. Capdau, Medard H. Nelson, Lake Area New Tech Early College High School, and Gentilly Terrace received funding from BESE in an amount for pupils based on estimated daily attendance at the schools. The amount of funding received is adjusted during the school year based on October 1st and February 1st student counts and the result of any audits performed.

Other Funding

Other revenues received consist of federal and state grants, fees for meals served, and other revenue sources.

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Budgetary Data

The Foundation formally adopts a budget. The budgetary data are submitted to the State of Louisiana for approval.

Interfund Activities

All interfund transactions, except quasi external transactions, advances and reimbursements are reported as operating transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interfund activities are netted at the combined financial statements level.

Total Memorandum Only

The total column on the accompanying combining financial statements is captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have been made in the aggregation of this data.

NOTE 2 - CASH ACCOUNTS:

The Foundation maintains its bank accounts in a master account with subsidiary accounts for each fund. While the amounts reflected in the financial statements may appear to be overdrafts, the one master account has a total cash deposit balance of \$1,737,143 and a book balance of \$1,590,927 at June 30, 2012. The use of interfund accounts must be taken into account when reviewing the book balance of cash accounts. The Foundation also maintains other cash deposit accounts included in the total cash balance (see NOTE 11).

NOTE 3 - FUNCTIONAL ALLOCATION EXPENSES:

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying Statement of Activities. Joint costs incurred at the Network level have been allocated based on the student population according to MFP February 1 count.

NOTE 4 - STUDENT ACTIVITY FUNDS:

The Foundation maintains separate bank accounts for student activities. These accounts are collected from students and parents for various activities and restricted for their collected purpose. Should those funds not be used for the intended purpose, the funds may be returned to the students and parents from whom they were collected. Restricted student activity funds totaled \$53,182 at June 30, 2012 and were reported as restricted cash and liabilities.

NOTE 5 - PROPERTY AND EQUIPMENT:

The following is a summary of property and equipment at June 30, 2012:

Furniture and equipment Curriculum – software Curriculum - e-books Daviding improvements against	\$	149,192 227,240 123,301
Building improvements-capital Assets		1,140,284
Total property and equipment	_	1,640,017
Less accumulated depreciation		(645,221)
Property and equipment, net	<u>\$</u>	994,796

Depreciation charged to operations for the year ended June 30, 2012, was \$327,135.

NOTE 6 - COMPENSATED ABSENCES:

Twelve-month employees are allowed a maximum of 15 cumulative vacation days per year. Earned and unused vacation days are paid to the employees at their derived hourly rate of pay at the time of termination. The Foundation has accrued \$60,101 of unpaid leave and \$15,595 of related accrued TRSL and medicare benefits as of June 30, 2012.

NOTE 7 - ADJUSTMENTS TO THE BEGINNING NET ASSETS:

Net assets at the beginning of the fiscal year were adjusted for an overpayment of federal revenue passed through the Louisiana Department of Education related to reimbursement claims requested for Capdau and Nelson for the fiscal year ended June 30, 2010. Additionally, an adjustment was made to correct overstated revenue in the fiscal year ended June 30, 2010 for Capdau and Nelson. Net Assets of Gentilly Terrace were adjusted for services rendered by a vendor during the fiscal year ended June 30, 2009.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets in the amount of \$105,000 are available for certain initiatives of the Foundation at June 30, 2012.

For the year ended June 30, 2012, no net assets were released from donor restrictions for these initiatives.

NOTE 9 - <u>IN-KIND CONTRIBUTIONS</u>:

The Foundation received rent-free use of school buildings from the Louisiana Recovery School District and the rent-free use of furniture and equipment for Pierre A. Capdau, Medard H. Nelson, Lake Area NTECHS, and Gentilly Terrace.

NOTE 9 - <u>IN-KIND CONTRIBUTIONS</u>, CONTINUED:

The Foundation also receives donated services from a number of unpaid volunteers assisting the Foundation with its programs, activities, and operations. An estimated value of these services cannot be reasonably determined as a result of the variety of services provided by the varying qualifications of the volunteers. Because of the criteria for recognition under FASB ASC Section 958-605, conditions for recognition have not been satisfied, therefore, these donated services are not recorded in the financial statements.

NOTE 10 - RETIREMENT PLAN:

Substantially all employees of the Foundation participate in the Teachers' Retirement System of Louisiana (TRSL). TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. TRSL issues publicly available financial reports that include financial statements and required supplementary information of TRSL. These financial reports may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, five years of service credit if the employee reaches age sixty, and five years to become vested for disability and survivor benefits. 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 their annual covered payroll and **the Foundation** is required to contribute 23.7% of the annual covered payroll of each participating employee. Starting July 1, 2012, the TRSL rate will be increased to 24.5%. Member contributions and employer contributions are established by law and set by the Public Retirement Systems Actuarial Committee.

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - RETIREMENT PLAN, (CONTINUED):

For the year ended June 30, 2012, the Foundation's contributions to this plan totaled \$1,240,763.

NOTE 11 - CONCENTRATION OF CUSTODIAL CREDIT RISK:

The Foundation maintains non-interest bearing accounts at a local bank. The FDIC provides unlimited deposit insurance coverage on non-interest bearing accounts through December 31, 2012.

NOTE 12 - RISK MANAGEMENT:

The Foundation is exposed to various risks of loss related to torts, theft of, damage to and destruction of property for which the Foundation carries commercial liability insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 13 - CONCENTRATION OF REVENUE SOURCE:

The Foundation's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund. The Foundation receives a State allocation and a local allocation per eligible student in attendance at the official pupil count date of October 1 of each year. MFP revenue accounts for 71% of the Foundation's total support for the year ended June 30, 2012.

NOTE 13 - CONCENTRATION OF REVENUE SOURCE, CONTINUED:

State and federal grants are on a cost reimbursement basis and account for 25% of **the Foundation's** total support for the year ended June 30, 2012. If the amount of revenue received should fall below budgeted award levels, **the Foundation's** operating results could be adversely affected.

NOTE 14 - CONTINGENCY:

The Foundation is a recipient of grants from the State, Local and Federal funding agencies. The grants are governed by various State, Local and Federal guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants are under the control and administration of **the Foundation** and are subject to audit and/or review by grantors. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of the State, Local and Federal agencies may be subject to recapture.

NOTE 15 - BOARD OF DIRECTORS' COMPENSATION:

The board of directors of **the Foundation** is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2012.

NOTE 16 - SUBSEQUENT EVENTS:

The Foundation is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition or disclosure in the financial statements. The Foundation performed such an evaluation through December 10, 2012, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the Statement of Financial Position date requiring recognition or disclosure.

SUPPLEMENTARY INFORMATION

NEW BEGINNINGS SCHOOLS FOUNDATION SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

		SCHEDULE
	Federal CFDA	
Federal Grantor/Program Name	Number	Activity
U.S. Department of Education		
<u>Direct Awards</u> Fund for the Improvement of Education, ARRA (Gulf Coast Recovery Grant)	84.215	\$ 1.439,974
Awards from a Pass-Through Entity Passed-Through: L.A State Department of Education		
Title I, Part A - Grants to Local Educational Agencies	84.010	1,321,125
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.367	186,469
Title IV, Part A - Safe and Drug-Free Schools and Communities	84.186	519
Individuals with Disabilities Education Act (IDEA) Part B	84.027	372,397
Public Charter Schools Program	84.282	200,501
School Improvement Grants, Recovery Act	84.388	584,551
Education Jobs Fund	84.410	19,148
Total Passed-Through Awards		2,684,710
Total U.S. Department of Education		4,124,684
U.S. Department of Health and Human Services		
Awards from a Pass-Through Entity Passed-Through: LA State Department of Education Temporary Aid For Needy Families	93.558	252,908
Total U.S. Department of Health and Human Services		252,908

NEW BEGINNINGS SCHOOLS FOUNDATION SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE I

	Federal CFDA	
Federal Grantor/Program Name	Number	Activity
U.S. Department of Agriculture		
Awards from a Pass-Through Entity Passed-Through: LA State Department of Education National School Lunch Program	10.555	\$ 945,386
Total U.S. Department of Agriculture		945,386
Total Expenditures of Federal Awards		\$ 5,322,978

accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, NOTE: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Foundation under programs of the federal government for the year ended June 30, 2012 and is presented on the accrual basis of Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of, the basic financial statements.

NEW BEGINNINGS SCHOOLS FOUNDATION COMBINING SCHEDULE OF FINANCIAL POSITION JUNE 30, 2012

SCHEDULE II	Total (memorandum only)	1,580,334 53,182 1,443,560 174,195 74,709 994,796	4,320,776	525,822 589,180 50,078 53,182 75,696 38,447	2,883,371 105,000 2,988,371 4,320,776
SC	(me	(2,894,875)	(2,894,875) \$		(2,894,875) \$
	Charter School Network Office	(2,746,501) \$ 22,654 112,606 2,828,487 5,869 27,550	250,665 \$	130,577 \$	100,000
	Gentilly Terrace Charter School	2,534 2,534 350,470 14,796 66,388 1,849 618,438	1,238,345 \$	265,572 2,534 13,858 6,046	857,437 857,437 857,437 \$ 1,238,345 \$
	Lake Area New Tech Charter School	1,171,458 \$ 22,604 248,422 16,481 54,929 6,826	1,520,720 \$	115,086 \$ 42,410 22,604 13,839 14,355 806,927	505,499
	Pierre A. Capdau Charter School	1,337,652 \$ 10,593 427,594 11,984	1,788,979 \$	31,786 \$ 143,237 39,636 10,593 15,402 17,155 1,236,181	289,989 5,000 294,989 1,788,979
	Medard H. Nelson Charter School	\$ 1,633,855 \$ 17,451 394,420 18,328 10,906 341,982	\$ 2,416,942 \$	\$ 155,475 \$ 137,961 10,442 17,451 12,509 891 851,767	1,230,446 1,230,446 \$ 2,416,942
	ASSETS	Cash Cash-restricted Grants receivable Other receivables Due from other programs Prepaid expenses Property and equipment, net	Total assets LIABILITIES AND NET ASSETS	Liabilities: Accounts payable Accrued liabilities Due to funding source Student activity funds Compensated absences Deferred revenue Due to other programs Total liabilities	Net Assets: Unrestricted Temporarily restricted Total net assets. Total liabilities and net assets

See Independent Auditors' Report on Supplementary Information.

NEW BEGINNINGS SCHOOLS FOUNDATION COMBINING SCHEDULE OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

		د الده ها الله الداخلية الداخلية الداخلية الله الماحدة الماحدة الماحدة الماحدة الماحدة الماحدة الماحدة الماحدة					SCHEDULE III
	Medard H. Nelson Charter School	Pierre A. Capdau Charter School	Lake Area New Tech Charter School	Gentilly Terrace Charter School	Charter School Network Office	Eliminations	Total (memorandum
REVENUES							(fina
Local sources. Minimum Foundation Program	\$ 1,781,441	\$ 1,392,234	\$ 2,483,238 \$	1,713,527 \$		1	7.370.440
Contributions-unrestricted	263	275	12,520	4,774	1,392	•	19.524
Contributions-temporarily restricted	1	2,000	•		100,000	ı	105,000
Charges for food services	3,165	984	578	3,068	. '	•	7.795
Interest earnings	33	141	92	1	,	t	266
Fundraising activities	•	•	•	t	14,680	. 1	14,680
Indirect Cost Revenue	•	t	•	1	132,465	(132,465)	. 1
Other	962	405	,		1,859	·	3,226
Total local sources	1,786,164	1,399,039	2,496,428	1,721,369	250,396	(132,465)	7,520,931
State sources:							
Minimum Foundation Program	1,523,002	1,106,593	2,070,128	1,468,953	•	•	6,168,676
Grants	892	1,333			•	1	2,225
Total state sources	1,523,894	1,107,926	2,070,128	1,468,953	•	1	6,170,901
Federal grants	1,781,711	1,103,251	876,506	1,561,510	·	1	5,322,978
Total revenues	5,091,769	3,610,216	5,443,062	4,751,832	250,396	(132,465)	19,014,810

NEW BEGINNINGS SCHOOLS FOUNDATION COMBINING SCHEDULE OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

							SCHEDULE III
	Medard H. Nelson Charter School	Pierre A. Capdau Charter School	Lake Area New Tech Charter School	Gentilly Terrace Charter School	Charter School Network Office	Eliminations	Total (memorandum only)
EXPENSES Program Services:		1	}	I	1	1	
Instruction programs Support Services:	\$ 2,224,737 \$	1,630,408 \$	2,443,214 \$	2,263,049 \$	59,819 \$	1	8,621,227
Pupil support services Instructional staff services	301,829	291,166	374,705	245,700	71,189	1	1,284,589
General and administrative services	93.899	31.025	5.632	31.999	731.560	ı r	894.115
School administration	195,296	188,735	302,632	161,599	71,010	ı	919,272
Business services	17,947	21,882	21,430	15,396	394,263	7	470,918
Operations and maintenance	372,510	345,812	166,991	311,709	17,050	r	1,814,072
Student transportation services	270,868	271,825	370,432	271,655	583	ı	1,185,363
Central services	47,169	45,344	16,161	25,080	12,581	(132,465)	13,870
Food services operations	404,657	285,706	347,088	323,623	1,780	1	1,362,854
Bad debt expense	ı	66,550	1	•	•	,	66,550
Depreciation	201,981	31,021	3,475	90,658	•	1	327,135
Subtotal expenses	4,310,541	3,393,982	4,754,062	3,873,779	1,458,060	(132,465)	17,657,959
Operating transfers in (out)	313,838	248,460	431,528	313,838	(1,307,664)	•	•
Total expenses	4,624,379	3,642,442	5,185,590	4,187,617	150,396	(132,465)	17,657,959
Change in net assets	467,390	(32,226)	257,472	564,215	100,000	l	1,356,851
Net assets - July 1, 2011	772,369	371,910	248,027	314,295		ı	1,706,601
Adjustments to beginning net assets	(9,313)	(44,695)	•	(21,073)	-	t	(75,081)
Net assets - June 30, 2012	\$ 1,230,446 \$	294,989 \$	505,499 \$	857,437 \$	100,000	-	2,988,371

See Independent Auditors' Report on Supplementary Information.

NEW BEGINNINGS SCHOOLS FOUNDATION COMBINING SCHEDULE OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE IV

	Medard H. Nelson Charter School	Pierre A. Capdau Charter School		Lake Area New Tech Charter School	Gentilly Terrace Charter School	Charter School Network Office	ra h ya a	Total
CASH FLOWS FROM OPERATING ACTIVITIES Change in net assets Adjustments to reconcile change in net assets to net cash provided by fused in) operating activities.	\$ 467,390	\$ (32,226)	\$ (92	257,472 \$	564,215	\$ 100,000	\$ 000	1,356,851
Adjustments to beginning net assets	201,981 (9,313)	31,021 (44,695)	21 25)	3,475	90,658 (21,073)		1 1	327,135 (75,081)
Changes in Assets and Liabilities: (Increase) decrease in other receivables	1,909	36,830	0	38,899	(9,378)	(112,606)	(909	(44,346)
(Increase) decrease in grants receivable (Increase) decrease in due from other programs	142,629	(72,809)	6((85,853)	(42,468)	(22,654)	654)	(81,155)
Increase in prepaid expenses	(10,906)		99	(54,640)	(1,849)	(2,926,2)	(5,869)	(74,420)
Increase (decrease) in accounts payable Increase in accrued liabilities	10,081	(181,070)	(0) 7.1	(227,022) 42,410	(291,675) 265,572	130,577	577	(559,109)
Increase in student activity funds	15,114	10,593	m 9	20,357				46,064
increase in compensated absences Increase in deferred revenue	12,509 891	15,402 17,155	2 52	15,839 14,355	13,858 6,046	20,088	880 -	75,696 38.447
Increase in due to funding source Increase in due to other programs	10,442	39,636 1,208,789	29.60	806,927	<u>.</u> (19.154)		1 1	50,078
Net cash provided by (used in) operating activities	1,820,608	1,170,707	 <u> </u>	879,252	497,724	(2,718,951	951)	1,649,340
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of property and equipment	(379,844)	1	- 1		(505,811)	(27,550)	550)	(913,205)
Net cash used in investing activities	(379,844)				(505,811)	(27,550)	550)	(913,205)
Increase (decrease) in cash	1,440,764	1,170,707	7.	879,252	(8,087)	(2,746,501)	501)	736,135
Cash, beginning of year	210,542	177,538	 8	314,810	194,491			897,381
Cash, end of year	\$ 1,651,306	\$ 1,348,245	ا دم	1,194,062	186,404	\$ (2,746,501)	501) \$	1,633,516

See Independent Auditors' Report on Supplementary Information.



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(Retired) Michael B. Bruno, CPA (2011)

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

To the Board of Directors of New Beginnings Schools Foundation

We have audited the financial statements of the **New Beginnings Schools Foundation** (the **Foundation**), (a not-for-profit corporation) as of and for the year ended June 30, 2012 and have issued our report thereon dated December 10, 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.

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 (CONTINUED)

Internal Control Over Financial Reporting, Continued

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 Foundation's** financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 (CONTINUED)

This report is intended solely for the information and use of management, the Foundation's Board of Directors, the Louisiana Recovery District, the Louisiana Legislative Auditor, federal and state awarding agencies and pass-through entities 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.

BRUNO & TERVALON LLP

CERTIFIED PUBLIC ACCOUNTANTS

New Orleans, Louisiana

December 10, 2012



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(Retired) Michael B. Bruno, CPA (2011)

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

To the Board of Directors of **New Beginnings Schools Foundation**

Compliance

We have audited the New Beginnings Schools Foundation's (the Foundation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) <u>Circular A-133 Compliance Supplement</u> that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2012. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (CONTINUED)

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 Foundation'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 Foundation's** compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-01 through 2012-05.

Internal Control Over Compliance

Management of the Foundation 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 Foundation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (CONTINUED)

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-01 through 2012-05. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weaknesses in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Foundation's responses to the findings identified in our audit are described in a separate corrective action plan.

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

(CONTINUED)

This report is intended solely for the information and use of management, the Foundation's Board of Directors, the Louisiana Recovery District, the Louisiana Legislative Auditor, federal and state awarding agencies and pass-through entities 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.

BRUNO & TERVALON LLP

CERTIFIED PUBLIC ACCOUNTANTS

New Orleans, Louisiana

December 10, 2012



SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary Auditors' Results

- A. Type of report issued on the financial statements: <u>Unqualified</u>.
- B. Did the audit disclose any material weaknesses in internal control over financial reporting? **None reported.**
- C. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **No.**
- D. Did the audit disclose any non-compliance which is material to the financial statements? **None reported.**
- E. Did the audit disclose any material weaknesses in internal control over major Federal programs? **No.**
- F. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? No.
- G. Type of report issued on compliance for major programs: **Unqualified**.
- H. Did the audit disclose any audit findings required to be reported in accordance with OMB Circular A-133, Section .510(a)? <u>Yes</u>.
- I. Was a management letter issued? No.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors' Results, Continued

J. Identification of Major Programs:

United States Department of Education

- 84.215C Fund for the Improvement of Education, ARRA (Gulf Coast Recovery Grant)
- 84.010 Title I, Part A Grants to Local Educational Agencies

Special Education Cluster (IDEA)

- 84.027 Individuals With Disabilities Education Act (IDEA) Part B
- 84.388 School Improvement Grants, Recovery Act

United States Department of Agriculture

- 10.555 National School Lunch Program
- K. Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000
- L. Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? No.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Finding

No matters reported.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs

2012-01 - Davis-Bacon Act

CFDA 84.215 - Fund for the Improvement of Education (Gulf Coast Recovery Grant)

Criteria

Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6).

Condition

As in the prior year, we were unable to review documentation to ascertain that **the Foundation** or its designee monitored construction/renovation contractors' compliance with the requirements of the Davis-Bacon Act. The construction project began in the 2011 fiscal year and was completed in the 2012 fiscal year.

Questioned Costs

For the purpose of this finding, we have not questioned any costs.

Context

Total grant construction/renovation costs were \$991,765 at June 30, 2012.

Effect

The Foundation has not complied with federal laws and regulations.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

2012-01 - Davis-Bacon Act, Continued

CFDA 84.215 - Fund for the Improvement of Education (Gulf Coast Recovery Grant)

Cause

The Foundation did not establish policies or procedures to ensure that Davis-Bacon Act requirements were included in construction contracts and require the submission of certified payrolls to ascertain Davis-Bacon Act compliance.

Recommendation

We recommend that the Foundation establish policies and procedures to ensure that of Davis-Bacon Act requirements are communicated to contractors and documentation of Davis-Bacon Act monitoring is maintained.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

2012-02 - Suspension and Debarment

CFDA 84.215 - Fund for the Improvement of Education (Gulf Coast Recovery Grant)

<u>Criteria</u>

Pursuant to 2 CFR Part 180 states in part -- "effective November 26, 2003, when a non-federal entity enters into a covered transaction with an entity at a lower tier (between a participant in a covered transaction and another person), the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded."

Condition

As in the prior year, we noted in our testwork that **the Foundation** entered into a procurement contract for goods and services exceeding the \$25,000 covered transactions threshold without documenting their verification that the vendor was not suspended, debarred or otherwise excluded. We determined in our audit that no tested vendor was suspended, debarred or otherwise excluded.

Questioned Costs

None.

Context

Total grant expenses for the year ended June 30, 2012 was \$1,439,974.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

2012-02 - Suspension and Debarment, Continued

CFDA 84.215 - Fund for the Improvement of Education (Gulf Coast Recovery Grant)

Effect

Since the Foundation lacked documentation to support it verified that the tested vendors were not suspended, debarred or otherwise excluded, the Foundation may have entered into covered transactions, as defined in federal regulations, with vendors that were suspended, debarred or otherwise excluded parties.

Cause

Management lacked written procedures to ensure suspension and debarment rules and regulations, as outlined under the criteria stated above, were complied with.

Recommendation

For those procurement transactions exceeding the \$25,000 covered transaction threshold, we recommend that **the Foundation** implement either or both of the following control procedures as considered necessary, to ensure that potential vendor/contractors are not suspended debarred or otherwise excluded: 1) verify by checking the Excluded Parties List System maintained by the General Services Administration; or 2) include a certification clause or condition in the contract or obtain a separately submitted certification. This verification process should always be documented, preferably in procurement files.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Ouestioned Costs, Continued

2012-03 - Eligibility (Free and Reduced Price Applications)

CFDA 10.555 National School Lunch Program

Criteria

Eligibility determination requirement under 7 CFR sections 245.2, 245.3, and 245.6 require the local education agency to determine eligibility by comparing the data reported by the child's household to published income eligibility guidelines, in accordance with the conditions and procedures in this section.

Condition/Context

One (1) of ten (10) applications selected for testing could not be tested because the **Foundation** could not locate the application. The child's household for this unlocated application was not found on the Direct Certification List as of September 30, 2011. Also, the **Foundation** incorrectly determined a student's eligibility meal status in one (1) of ten (10) applications selected for testing. The student's eligibility meal status was approved and reported into the Child Nutrition database as reduced when it should have been approved and reported as free.

Questioned Costs

For the purpose of this finding, we have not questioned any costs.

Effect

The household eligibility status was inappropriately determined for one (1) tested application and the household eligibility status may have been inappropriately determined for one (1) tested application that the Foundation could not locate.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

2012-03 - Eligibility (Free and Reduced Price Applications)

CFDA 10.555 National School Lunch Program

Cause

The Foundation did not adhere to established policies or procedures to comply with federal regulations.

Recommendation

We recommend that the Foundation adhere to established policies and procedures to ensure that eligibility determinations are made according to federal regulations. Also, the Foundation should design appropriate control measures to ensure that all supporting documentation is properly maintained and readily retrievable.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

2012-04 - Personnel Activity Reports

CFDA 84.215 - Fund for the Improvement of Education (Gulf Coast Recovery Grant)

Criteria

2 CFR Section 230 Appendix B 8.m.(1) states—"Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph 8.m.(2) of this appendix, except when a substitute system has been approved in writing by the cognizant agency."

Condition

Although the Foundation maintained adequate supporting documentation to support actual salary and wage payments, we noted during our Single Audit that the Foundation does not maintain personnel activity reports to support the distribution of salaries and wages charged to respective federal awards.

Questioned Costs

None.

Context

Total grant expenses for the year ended June 30, 2012 were \$1,439,974 and total payroll costs were \$448,210.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

2012-04 - Personnel Activity Reports, Continued

CFDA 84.215 - Fund for the Improvement of Education (Gulf Coast Recovery Grant)

Effect

The Foundation has not complied with federal regulations.

Cause

The Foundation has not designed internal control procedures to comply with the above federal regulations.

Recommendation

We recommend that the Foundation establish policies and procedures to support salaries and wages charged to federal awards, as required in 2 CFR Section 230 Appendix B 8.m.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section III - Federal Award Findings and Questioned Costs, Continued

2012-05 - Highly Qualified Teacher Requirement

CFDA 84.215 - Title I, Part A - Grants to Local Educational Agencies

Condition/Context

We noted during our single audit testwork that one (1) out of five (5) teachers tested was paid with Title I funds during the period the teacher was not certified to teach the grade level to which she was assigned.

Questioned Costs

Questioned costs totaling \$64,076 (\$49,500 in wages, \$490 in stipends and \$14,576 in benefits).

Effect

The Foundation did not comply with federal regulations.

Cause

Control procedures were not adequately designed to ensure that **the Foundation** only claims reimbursement for grant expenses of teachers who meet the required highly qualified criteria.

Recommendation

We recommend that **the Foundation** improve its current procedures to ensure that only the salaries and related benefits of highly qualified teachers are claimed for Title I grant expense reimbursements.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

Section I - Internal Control and Compliance Material to the Financial Statements

No matters were reported.

Section II - Federal Award Findings and Questioned Costs

2011-01 - Davis-Bacon Act

CFDA 84.215 - Fund for the Improvement of Education (Gulf Coast Recovery Grant)

We recommended that **the Foundation** establish policies and procedures to ensure that of Davis-Bacon Act requirements are communicated to contractors and documentation of Davis-Bacon Act monitoring is maintained.

Current Status

Unresolved. See current year finding 2012-01.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS, CONTINUED

FOR THE YEAR ENDED JUNE 30, 2012

Section II - Federal Award Findings and Questioned Costs, Continued

2011-02 - Eligibility (Free and Reduced Price Applications)

CFDA 10.555 - National School Lunch Program

We recommended that **the Foundation** establish policies and procedures to ensure that eligibility determinations in the student information reporting system match the applications documentation.

Current Status

Resolved.

2011-03 - Procurement and Suspension and Debarment

CFDA 84.215 - Fund for the Improvement of Education (Gulf Coast Recovery Grant)

We recommended that **the Foundation** revise its written procurement policy to comply with the requirements of 2 CFR Section 215.44(a) including but not limited to cost and price analyses, retention of Excluded Party List System (EPLS) verification documentation, and inclusion of suspension and debarment certifications in vendor contractual agreements.

Current Status

Partially resolved. See current year finding 2012-02.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS, CONTINUED FOR THE YEAR ENDED JUNE 30, 2012

Section II - Federal Award Findings and Questioned Costs, Continued

2011-04 - Special Test Provisions (Verification of Free/Reduced Price Applications)

CFDA 10.555 - National School Lunch Program

We recommended that **the Foundation** establish policies and procedures to verify, document and maintain documentation of verification activities.

Current Status

Resolved.

EXIT CONFERENCE

The audit report was discussed during the course of the audit and at an exit conference held with the management of the Foundation. The individuals who participated in those discussions were as follows:

NEW BEGINNINGS SCHOOLS FOUNDATION

Mr. Timothy P. Ryan

Ms. Carol Skriloff Starr

Ms. Sametta Brown

Ms. Kendal R. Turner, CPA

Mr. Keith Hemel

-- Chairman, Board of Directors

-- Board of Directors

-- Chief Executive Officer

-- Director of Financial Services

-- Assistant Vice President,

University of New Orleans Foundation

BRUNO & TERVALON LLP CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA -- Managing Partner

Mr. Larry Jones, CPA

-- Manager

NEW BEGINNINGS SCHOOLS FOUNDATION INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED JUNE 30, 2012



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(Retired) Michael B. Bruno, CPA (2011)

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors

New Beginnings Schools Foundation

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of New Beginnings Schools Foundation (the Foundation), operator of Pierre A. Capdau Charter School, Medard H. Nelson Charter School, Gentilly Terrace Charter School, and Lake Area New Tech Early College High School, and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the 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). Management of the Foundation is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of 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.

PROCEDURES AND FINDINGS

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 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.

No differences noted.

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 the Foundation's supporting payroll records as of October 1, 2011.

Certain data reported to the state on the October 1, 2011 Profile of Educational Personnel Report was incorrect. **The Foundation** provided us with the correct data, which we tested noting no differences. The accompanying Schedule 2 reflects the corrected data.

PROCEDURES AND FINDINGS, CONTINUED

Education Levels of Public School Staff (SCHEDULE 2), Continued

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (SCHEDULE 4) to the combined total of principals and assistant principals per this schedule.

No differences noted.

4. We obtained a list of full-time teachers, principals, and assistant principals 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 if the individual's education level was properly classified on the schedule.

No differences noted.

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.

No differences noted.

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, 2011 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.

Certain data reported to the state on the October 1, 2011 Profile of Educational Personnel Report was incorrect. **The Foundation** provided us with the correct data, which we tested noting no differences. The accompanying Schedule 4 reflects the corrected data.

PROCEDURES AND FINDINGS, CONTINUED

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.
 - Certain data reported to the state on the June 30, 2012 Profile of Educational Personnel Report was incorrect. **The Foundation** provided us with the correct data, which we tested noting no differences. The accompanying Schedule 5 reflects the corrected data.
- 8. We recalculated the average salaries and full-time equivalents reported in the schedule.

No differences noted.

Class Size Characteristics (SCHEDULE 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample of 10 classes to the October 1, 2011 roll books for those classes and determined if the class was properly classified on the schedule.

No differences noted.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (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 **the Foundation**.

No differences noted.

PROCEDURES AND FINDINGS, CONTINUED

The Graduation Exit Exam for the 21st Century (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 **the Foundation**.

No differences noted.

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 **the Foundation**.

No differences noted.

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 **the Foundation**, the Louisiana Department of Education, the Louisiana Recovery School District, 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.

BRUNO & TERVALON LLP

CERTIFIED PUBLIC ACCOUNTANTS

New Orleans, Louisiana

December 10, 2012



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

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 principals 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, Assistant Principals, and Full-time Classroom Teachers

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

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

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)

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

SCHEDULE 8 - The 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, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

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

SCHEDULE 9 - The *i*LEAP Tests

This schedule represents student performance testing data and includes statewide and district summary scores for grades 3, 5, 6, 7 and 9 in each category tested for the 2010 reporting year and for grades 3, 5, 6 and 7 in each category tested for the 2011 and 2012 reporting years. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory.

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

General Fund Instructional Expenditures:			
Teacher and Student Interaction Activities:			
Classroom Teacher Salaries	\$ 5,449,324		
Other Instructional Staff Activities	431,761		
Employee Benefits	1,927,477		
Purchased Professional and Technical Services	308,292		
Instructional Materials and Supplies	454,409		
Instructional Equipment	_		
Total Teacher and Student Interaction Activities	 	- \$	8,571,263
Other Instructional Activities			49.964
Pupil Support Activities	1,284,589		
Less: Equipment for Pupil Support Activities	 	_	
Net Pupil Support Activities			1,284,589
Instructional Staff Services	6 97, 994		
Less: Equipment for Instructional Staff Services	 -	_	
Net Instructional Staff Services			697,994
School Administration	919,272		
Less: Equipment for School Administration	 -	-	
Net School Administration			919,272
Total General Fund Instructional Expenditures		\$	11,523,082
Total General Fund Equipment Expenditures		\$	
Certain Local Revenue Sources			
Local Taxation Revenue:			
Constitutional Ad Valorem Taxes		\$	
Renewable Ad Valorem Tax			_
Debt Service Ad Valorem Tax			-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes			
Sales and Use Taxes			•
Total Local Taxation Revenue		\$	•
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		\$	-
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		\$	
Nonpublic Textbook Revenue		\$	
Nonpublic Transportation Revenue		\$	

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

Education Levels of Public School Staff As of October 1, 2011

	Full	time Class	room Teac	ners	Principals & Assistant Principals					
	Certifi	cated	Uncerti	ficated	Certifi	icated	Uncertificated			
Category	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
Less than a Bachelor's Degree	0	0%	0	0%	0	0%	0	0%		
Bachelor's Degree	59	73%	8	89%	0	0%	0	0%		
Master's Degree	21	26%	1	11%	5	71%	1	100%		
Master's Degree +30	0	0%	0	0%	1	14%	0	0%		
Specialist in Education	0	0%	0	0%	0	0%	0	0%		
Ph.D. or Ed.D.	1	1%	0	0%	1	14%	0	0%		
Total	81	100%	9	100%	7	100%	1	100%		

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

Туре	Number
Elementary	3
Middle/Jr. High	0
Secondary	1
Combination	0
Total	4

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

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ yrs.	Total
Assistant Principals	0	1	1	2	0	0	0	4
Principals	0	0	2	1	I,	0	0.	4
Classroom Teachers	49	9	14	7	4	0	7	90
Total	49	10	17	10	. 5	0	7	98

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

Classroom Teachers Excluding ROTC and Rehired Retirees, and Flagged

	All Classroom Teachers	Salary Reductions
Average Classroom Teachers' Salary Excluding Extra Compensation	45,781	45,781
Average Classroom Teachers' Salary Including Extra Compensation	45,781	45,781
Number of Teachers' Full-time Equivalents (FTEs) used in Computation of Average Salaries	122 .	122

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; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

Class Size Characteristics As of October 1, 2011

	Ī			Class Siz	e Range	·		
	1 -	20	21 -	- 26	27 -	- 33	34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	22%	86	45%	180	15%	58	0%	0
Elementary Activity Classes	10%	41	6%	25	2%	9	0%	1
Middle/Jr. High								·- · - · ·
Middle/Jr. High Activity Classes								
High	44%	100	20%	45	19%	43	4%	10
High Activity Classes	7%	16	3%	6	3%	6	1%	3
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 student. 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.

Louisiana Educational Assessment Program (LEAP) For the Year Ended June 30, 2012

District Achievement Level		Eı	nglish La	nguage A	rts		Mathematics							
Results	2012 2011			20	10	20	12	20)11	20	010			
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
Grade 4														
Advanced	5	3%	1	1%	3	3%	13	9%	1	1%	1	1%		
Mastery	38	26%	30	21%	8	8%	31	21%	23	16%	14	14%		
Basic	59	41%	77	54%	44	44%	65	45%	67	47%	44	44%		
Approaching Basic	28	19%	21	15%	24	24%	21	14%	34	24%	28	28%		
Unsatisfactory	15	10%	13	9%	21	21%	15	10%	18	13%	13	13%		
Total	145	100%	142	100%	100	100%	145	100%	143	100%	100	100%		

District Achievement Level			·	ence					,	Studies		
Results	20	12	20)11	20	010	20	12	20)11	20	010
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Регсепі
Grade 4												_
Advanced	3	2%	0-	0%	I	1%	4	3%	0	0%	0	0%
Mastery	14	10%	3	2%	5	5%	9	6%	2	1%	4	4%
Basic	68	47%	41	29%	35	35%	85	59%	57	40%	46	46%
Approaching Basic	44	30%	70	49%	40	40%	30	21%	42	30%	28	28%
Unsatisfactory	16	11%	28	20%	19	19%	17	12%	41	29%	22	22%
Total	145	100%	142	100%	100	100%	145	100%	142	100%	100	100%

District Achievement Level		Е	nglish La	nguage A	rts		Mathematics						
Results	2012 2011			20	10	20	12	20)11	20	10		
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Grade 8													
Advanced	0	0%	1	1%	0	0%	1	1%	1	1%	2	2%	
Mastery	3	3%	7	7%	4	5%	1	1%	1	1%	2	2%	
Basic	55	46%	35	36%	26	31%	36	37%	36	37%	35	42%	
Approaching Basic	35	29%	48	49%	38	46%	37	38%	37	38%	23	28%	
Unsatisfactory	27	23%	7	7%	15	18%	23	23%	23	23%	21	25%	
Total	120	100%	98	100%	83	100%	98	100%	98	100%	83	100%	

District Achievement Level Results	2()12		ence	20)10	20	Social Studies 2012 2011				2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Grade 8						_							
Advanced	0	0%	0,	0%	0	0%	0	0%	0,	0%	0	0%	
Mastery	3	3%	5	5%	1	1%	0	0%	0	0%	4	5%	
Basic	39	33%	26	27%	15	18%	38	39%	38	39%	31	38%	
Approaching Basic	52	43%	42	43%	41	50%	44	45%	44	45%	28	34%	
Unsatisfactory	26	22%	25	26%	25	30%	16	16%	16	16%	19	23%	
Total	120	100%	98	100%	82	100%	98	100%	98	100%	82	100%	

The Graduation Exit Exam for the 21st Century For the Year Ended June 30, 2012

District Achievement		Er	iglish Lai	nguage A	rts		Mathematics						
Level Results	2012		2011		2010		2012		2011		20	10	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
Grade 10													
Advanced			0	0%	1	1%			1	1%	3	3%	
Mastery			4	4%	5	4%			10	9%	6	5%	
Basic			5 1	50%	59	54%			58	54%	47	41%	
Approaching Basic			30	30%	25	23%			18	17%	25	22%	
Unsatisfactory			16	16%	20	18%			21	19%	33	29%	
Total			101	100%	110	100%			108	100%	114	100%	

District Achievement			Scie	епсе			Social Studies					
Level Results)12	20	2011		2010		2012		2011		
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11								İ		- '		
Advanced	0	0%	2	2%	0	0%	0	0%	0	0%	0	0%
Mastery	9	5%	12	13%	2	2%	5	3%	8	9%	2	2%
Basic	53	31%	27	29%	32	32%	90	52%	44	47%	41	40%
Approaching Basic	61	36%	28	30%	38	37%	39	23%	23	25%	37	37%
Unsatisfactory	48	28%	24	26%	29	29%	38	22%	18	19%	21	21%
Total	171	100%	93	100%	101	100%	172	100%	93	100%	101	100%

The i LEAP Tests
For the Year Ended June 30, 2012

District Achievement Level Results		English Language Arts 2012		Mathematics 2012		nee 12	Social Studies 2012	
Students			Number	Percent	Number Percent		Number	Percent
	Number	rercent	Number	1 CI COM	Number	reicent	Number	1 CICCIII
Grade 3	1			i			[
Advanced	8	7%	4	3%	1	1%	7 7	6%
Mastery	34	29%	23	20%	23	20%	18	15%
Basic	44	37%	64	55%	43	37%	42	36%
Approaching Basic	19	16%	20	17%	37	32%	25	21%
Unsatisfactory	13	11%	6	5%	13	11%	25	21%
Total	118	100%	117	100%	117	100%	117	100%

	English Lar	guage Arts	Mathe	matics	Scie	nce	Social 8	Studies
District Achievement Level Results	20	12	20	2012 2012		20	12	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	[0[0%	2	2%	0	0%	0	0%
Mastery	9	8%	5	4%	1	1%	2	2%
Basic	53	44%	56	47%	24	20%	34	29%
Approaching Basic	35	29%	22	18%	63	53%	42	35%
Unsatisfactory	23	19%	35	29%	31	26%	41	34%
Total	120	100%	120	100%	119	100%	119	100%

	English Lau	guage Arts	Mathematics		Scie	nce	Social Studies	
District Achievement Level Results	20	2012		2012		12	2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	2	1%	3	2%	1	1%	3	2%
Mastery	7	5%	6	4%	4	3%	8	6%
Basic	60	43%	68	49%	51	36%	58	41%
Approaching Basic	52	37%	24	17%	50	35%	51	36%
Unsatisfactory	20	14%	39	28%	35	25%	21	15%
Total	141	100%	140	100%	141	100%	141	100%

	English Lan	guage Arts	Mathe	Mathematics		nce	Social Studies	
District Achievement Level Results	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7	Γ .							
Advanced	3	2%	4	3%	2	2%	3	2%
Mastery	10	8%	4	3%	15	12%	11	9%
Basic	62	49%	62	49%	45	36%	53	42%
Approaching Basic	36	29%	35	28%	46	37%	41	33%
Unsatisfactory	15	12%	21	17%	18	14%	18	14%
Total	126	100%	126	100%	126	100%	126	100%

The i LEAP Tests For the Year Ended June 30, 2012

	English Lan	English Language Arts		Mathematics		псе	Social Studies	
District Achievement Level Results	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3	Т							
Advanced	0	0%	3	2%	0	0%	o	0%
Mastery	9	7%	7	6%	0	0%	11]	9%
Basic	50	40%	47	37%	44	35%	47	37%
Approaching Basic	37	29%	32	26%	56	45%	31	25%
Unsatisfactory	30	24%	37	29%	25	20%	36	29%
Total	126	100%	126	100%	125	100%	125	100%

	English Language Arts		Mathe	matics	Science		Social Studies	
District Achievement Level Results	201	11	20	i i	20	11	2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5			I	- "				
Advanced	0	0%	0	0%	1	1%	0	0%
Mastery	6	5%	4	4%	2	2%	2	2%
Basic	43	37%	41	35%	25	21%	28	24%
Approaching Basic	39	34%	34	29%	52	45%	42	36%
Unsatisfactory	28	24%	37	32%	36	31%	44	38%
Total	116	100%	116	100%	116	100%	116	100%

	English Language Arts		Mathe	matics	Scie	nce	Social Studies	
District Achievement Level Results	20	11	20	11	20	2011		1]
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								****
Advanced	1	1%1	7	6%	2	2%	2	2%
Mastery	4	3%	2	2%	5	4%	5	4%
Basic	43	36%	46	38%	41	34%	53	44%
Approaching Basic	58	48%	31	25%	52	43%	34	28%
Unsatisfactory	15	12%	35	29%	21	17%	27	22%
Total	121	100%	121	100%	121	100%	121	100%

	English Language Arts		Mathe	matics	Scie	nce	Social S	Studies
District Achievement Level Results	20	11	20	11	20	11	20	11
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced		0%	3	3%	0	0%	0	0%
Mastery	5	4%	2	2%	3	3%	7	6%
Basic	53	46%	49	42%	54	46%	68	59%
Approaching Basic	44	38%	26	23%	34	29%	26	22%
Unsatisfactory .	14	12%	35	30%	25	22%	15	13%
Total	116	100%	115	100%	116	100%	116	100%

3 of 3

The iLEAP Tests For the Year Ended June 30, 2012

	English Lan	guage Arts	Mathematics		Scie	псе	Social Studies	
District Achievement Level Results	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	2	2%	0	0%	0	0%	0	0%
Mastery	12	13%	4	4%	0	0%	5	5%
Basic	29	31%	45	48%	32	34%	33	35%
Approaching Basic	27	28%	26	27%	43	45%	32	34%
Unsatisfactory	25	26%	20	21%	20	21%	24	26%
Total	95	100%	95	100%	95	100%	94	100%

	English Lan	guage Arts	Mathematics		Science		Social S	Studies
District Achievement Level Results	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	i L	1%	0	0%	0	0%	1	1%
Mastery	3	4%	6	8%	3	4%	1	1%
Basic	25	33%	21	28%	23	30%	25	32%
Approaching Basic	37	48%	25	33%	35	45%	28	36%
Unsatisfactory	11	14%	24	31%	16	21%	23	30%
Total	77	100%	76	100%	77	100%	78	100%

	English Lan	English Language Arts		matics	Sci	ence	Social Studies	
District Achievement Level Results	20	10	20	10	20	10	20	10
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	1	1%	0	0%	0	0%
Mastery	2	2%	4	5%	3	4%	2	2%
Basic	33	39%	31	36%	23	27%	24	29%
Approaching Basic	30	35%	17	20%	33	39%	37	44%
Unsatisfactory	20	24%	32	38%	25	30%	21	25%
Total	85	100%	85	100%	84	100%	84	100%

	English Lan	guage Arts	Mathe	matics	Scie	nce	Social Studies	
District Achievement Level Results	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	3	4%	2	3%	2	3%	1	1%
Basic	27	35%	33	43%	27	36%	37	50%
Approaching Basic	37	49%	31	41%	37	49%	21	28%
Unsatisfactory	9	12%	10	13%	9	12%	16	21%
Total	76	100%	76	100%	75	100%	75	100%

	English Lan	guage Arts	Mathematics 2010		
District Achievement Level Results	201	10			
Students	Number	Percent	Number	Percent	
Grade 9					
Advanced	0	0%	1	1%	
Mastery	4	4%	2	2%	
Basic	53	51%	49	48%	
Approaching Basic	38	37%	29	29%	
Unsatisfactory	8	8%	20	20%	
Total	103	100%	101	100%	

December 13, 2012

Alcide Tervalon, CPA Bruno & Tervalon LLP, CPAs 4298 Elysian Fields Ave. New Orleans, LA 70122

Re: June 30, 2012 Audit Corrective Action Plan

Please accept this as corrective action for the audit findings contained in the June 30, 2012 Financial and Compliance Audit Report

2012-01 - Davis-Bacon Act

We shall include in all future construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL in accordance with 29 CFR part 5

We will require the contractor or subcontractor to submit to New Beginnings Schools Foundation weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) in accordance with 29 CFR 5.5 and 5.6.

We will designate a staff member to monitor compliance and review certified payrolls submitted by the contractor for compliance with prevailing wages on a test basis for the duration of the project.

We will retain all documents as evidence of compliance with Davis-Bacon and monitoring conducted by the designated staff.

2012-02 - Suspension and Debarment

We have assigned a staff person, whose function is to monitor internal controls of procurement and adherence with purchasing polices and suspension and debarment requirements.

We have as a component of our start to the fiscal year procedures to conduct suspension and debarment inquiries via EPLS.

We will continue to monitor ongoing possible "covered transactions" by conduction of EPLS inquires prior to obligation of funds and include a clause and/or condition in the contracts of vendor to prohibit the use of federal funds in "covered transactions" with suspended and debarred vendors.

2012-03 - Eligibility

Management and the board of directors has decided to no longer act as the School Food Authority of the Child Nutrition Program of its schools, but instead has decided to contract the Orleans Parish School Board to administer the program. As the School Food Authority, the Orleans Parish School Board has accepted all programmatic and fiscal responsibility to administer the Child Nutrition Program as the recipient of the respective funding from the U.S. Department of Agriculture as passed through the Louisiana Department of Education.

2045 Lakeshore Drive CERM Building, Suite 415 New Orleans, Louisiana 70122 Phone: 504-280-2309 Fax: 504-280-2312 www.NewBeginningsNOLA.net

2012-04 - Personnel Activity Reports

We have implemented procedures to inform all employees of the source of funding.

We have developed and implemented procedures for all grant-funded employees to certify submit time and effort reports (personnel activity reports) for each pay period. Time and Effort Reporting Forms must be signed by the faculty or staff member reporting and must be confirmed by a responsible supervisory official having first-hand knowledge of the activities performed by the employee during the periods covered by the report.

Faculty and staff forms are due by the 15th day following month end with the exception of May, which will be due on May 31st as a component of school-year close-out procedures

Copies of all completed Time and Effort Reporting Forms should be sent to Finance Department attention Grants Manager. Completed forms will be filed in the Grant Accounting office.

2012-05 - Highly Qualified Teacher Requirement

As a component of the 2012-2013 school year start-up procedures, we contracted with a vendor in consultation with the Director of Human Resources and Director of Professional Development to audit the files of all teaching staff, noting each teacher's highly qualified status as defined in 34 CFR section 200.56 and the Louisiana Department of Education. A listing of all teaching staff, their certification and highly qualified status was provided to the Grants Manager and Principals to ensure compliance with Title I program requirements.

Director of Human Resources prescreens all certification and credentials of potential new hires for highly qualified status. A listing of highly qualified applicants is presented to school level administrators for selection to fill vacant teacher positions. Upon selection, those candidates are submitted to the Grants Manager.

Respectfully;

Kendal R. Turner, CPA
Director of Financial Services

Cc: Sametta Brown, CEO

Dr. Timothy Ryan, Board President