

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)**

**Financial Statements as of June 30, 2013 and 2012
and for the Years Then Ended
and Independent Auditors' Report
and Supplemental Information**

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF JUNE 30, 2013 AND 2012 AND FOR THE YEARS THEN ENDED:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA):	
Independent Accountants' Report on Applying Agreed Upon Procedures	13
Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	16
Schedule 2 – Education Levels of Public School Staff	17
Schedule 3 – Number and Type of Public Schools	18
Schedule 4 – Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers	19
Schedule 5 – Public School Staff Data	20
Schedule 6 – Class Size Characteristics	21
Schedule 7 – Louisiana Educational Assessment Program (LEAP)	22
Schedule 8 – Graduation Exit Exam (GEE)	24
Schedule 9 – iLEAP Tests	25
INFORMATION REQUIRED BY GASB AND OMB CIRCULAR A-133:	
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 <i>Government Auditing Standards</i>	30
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	32
Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs	36
Summary Schedule of Prior Audit Findings	39



Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Institute for Academic Excellence
d/b/a Sophie B. Wright Charter School
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Institute for Academic Excellence d/b/a Sophie B. Wright Charter School (the Institute), a nonprofit organization, which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institute of Academic Excellence as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013, on our consideration of Institute of Academic Excellence's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Silva Gurtner & Alney, LLC

New Orleans, Louisiana
December 30, 2013

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2013 AND 2012**

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,288,580	\$ 1,310,390
Accounts receivable - student activity fund	-	61,235
Grants receivable	248,261	43,533
	1,536,841	1,415,158
PROPERTY AND EQUIPMENT, net	365,922	412,188
OTHER ASSETS		
Other assets	-	45
Funds held on behalf of others	163,818	123,229
	163,818	123,274
TOTAL ASSETS	\$ 2,066,581	\$ 1,950,620
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 31,738	\$ 112,135
Accounts payable - student activity fund	3,004	-
Due to others	163,818	123,229
Line of credit	-	200,000
Current maturities of long-term debt	11,000	30,152
	209,560	465,516
LONG-TERM DEBT, net of current maturities	13,185	25,431
NET ASSETS - Unrestricted	1,843,836	1,459,673
TOTAL LIABILITIES AND NET ASSETS	\$ 2,066,581	\$ 1,950,620

See accompanying independent auditors' report and notes to financial statements.

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
UNRESTRICTED REVENUES AND OTHER SUPPORT		
State public school funding	\$ 3,813,748	\$ 3,660,458
Other State funding	1,672	8,657
Federal sources	1,165,017	1,184,033
Other income	66,278	53,678
	<hr/>	<hr/>
Total unrestricted revenues and other support	5,046,715	4,906,826
UNRESTRICTED EXPENSES		
Instruction		
Regular education programs	2,238,899	2,260,254
Special education programs	138,489	139,810
Other instructional programs	115,407	116,508
	<hr/>	<hr/>
Total instruction	2,492,795	2,516,572
Support services		
Pupil support services	184,651	186,413
Instructional staff services	276,977	279,619
School administration	600,117	605,841
Business services	138,489	139,810
Operation and maintenance	230,814	233,016
Student transportation service	461,629	466,032
Food services	230,814	233,016
Depreciation	46,266	70,356
	<hr/>	<hr/>
Total support services	2,169,757	2,214,103
Total unrestricted expenses	<hr/>	<hr/>
	4,662,552	4,730,675
CHANGE IN NET ASSETS	384,163	176,151
NET ASSETS - beginning of year	<hr/>	<hr/>
	1,459,673	1,283,522
NET ASSETS - end of year	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,843,836	\$ 1,459,673

See accompanying independent auditors' report and notes to financial statements.

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 384,163	\$ 176,151
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	46,266	70,356
Change in operating assets and liabilities:		
Accounts receivable/payable - student activity fund	64,239	(61,235)
Grants receivable	(204,728)	66,507
Other assets	45	(45)
Accounts payable and accrued expenses	(80,397)	13,733
Net cash provided by operating activities	<u>209,588</u>	<u>265,467</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on line of credit	(200,000)	-
Principal payments on long-term debt	(31,398)	(28,762)
Net cash used in financing activities	<u>(231,398)</u>	<u>(28,762)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(21,810)	236,705
CASH AND CASH EQUIVALENTS - Beginning of year	<u>1,310,390</u>	<u>1,073,685</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 1,288,580</u></u>	<u><u>\$ 1,310,390</u></u>

See accompanying independent auditors' report and notes to financial statements.

INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – The Institute for Academic Excellence d/b/a Sophie B. Wright Charter School (the Institute) was granted a charter by the State Board of Elementary and Secondary Education in 2004 to promote excellence in a caring environment and to prepare each student, in a partnership with parents and the community, to be a lifelong self-directed learner in a diverse society. The Institute for Academic Excellence is a Type 5 Charter School governed by a Board of Directors.

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 Institute follows the guidance of not-for-profit accounting. Under not-for-profit accounting, the Institute is required to report information regarding its financial position and activities according to three classes of net assets as follows:

- Unrestricted – Net assets which are free of donor-imposed restrictions. All revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted – Net assets whose use by the Institute is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Institute pursuant to those stipulations. As of June 30, 2013 and 2012, the Institute had no temporarily restricted net assets.
- Permanently Restricted – Net assets whose use by the Institute is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Institute. As of June 30, 2013 and 2012, the Institute had no permanently restricted net assets.

Also, under not-for-profit accounting, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose 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.

Income Tax Status – The Institute is a non-profit organization exempt from federal and state income tax under Section 501(c)(3) of the United States Internal Revenue Code. Management does not believe there are any uncertain tax positions included in the accompanying financial statements.

INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

Public Support and Revenue – The Institute receives grant support primarily from the Louisiana State Department of Education. Contributions of donated non-cash assets are recorded at their fair values in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support or permanently restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents – The Institute considers all unrestricted, highly liquid investments with an initial maturity of less than three months as cash and cash equivalents.

Accounts Receivable – Student Activity Fund – Accounts receivable – student activity fund consists of amounts advanced on the student activity fund’s behalf. The financial statements do not include an estimate for allowance for doubtful accounts as management believes that all accounts receivable are collectible.

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 as management believes that all grants receivables are collectible.

Property and Equipment – Property and equipment are capitalized at cost. It is the Institute’s policy to capitalize expenditures for these items in excess of \$5,000 with a useful life greater than one year. Lesser amounts are expensed. Property and equipment are being depreciated over their estimated useful lives using the straight-line method, using the following lives:

Machinery and equipment	5 years
Leasehold improvements	5-10 years
Vehicles	18 years

Restricted and Unrestricted Revenue – Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Donated Equipment, Services and Materials – Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the years ended June 30, 2013 and 2012, there were no non-cash contributions.

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

NOTE B – CASH AND CASH EQUIVALENTS

At June 30, 2013 and 2012, all cash and cash equivalents were on deposit at a local financial institution. At various times during the fiscal year, the Institute’s cash in bank balances may exceed the federally insured limits. At June 30, 2013 and 2012, the Institute’s uninsured cash balances totaled \$1,130,860 and \$686,900, respectively. The Institute has not experienced any losses in cash and cash equivalent accounts and management believes it is not exposed to any significant credit risk to cash.

NOTE C – FUNDS HELD ON BEHALF OF OTHERS/DUE TO OTHERS

The Institute acts as a custodian for student activity bank accounts. Funds held on behalf of these groups amounted to \$163,818 and \$123,229 at June 30, 2013 and 2012, respectively, and are reported as both an asset (funds held on behalf of others) and a liability (due to others). Consequently, there is no effect on the Institute’s net assets. As of June 30, 2013, the Institute owed the student activities funds \$3,004. As of June 30, 2012, the student activities funds owed the Institute \$61,235.

NOTE D – GRANTS RECEIVABLE

Grants receivable were comprised of the following:

	2013	2012
U.S. Department of Education passed through the Louisiana Department of Education:		
IDEA Part B - Special Education	\$ 8,080	\$ -
Title I - Part A	51,618	-
21 st Century Grant	66,697	43,533
TIF	79,700	-
HEAP	27,306	-
School Food Services Funds	7,549	-
Race to the Top	2,651	-
State grant-Education support	4,325	-
Total grants receivable	\$ 247,926	\$ 43,533

INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE E – PROPERTY AND EQUIPMENT

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

	2013	2012
Machinery and equipment	\$ 245,467	\$ 245,467
Leasehold improvements	312,966	312,966
Vehicles	340,600	340,600
	899,033	899,033
Less: accumulated depreciation	(533,111)	(486,845)
Total property and equipment	\$ 365,922	\$ 412,188

Depreciation expense was \$46,266 and \$70,356 for the year ended June 30, 2013 and 2012, respectively.

NOTE F – RETIREMENT SYSTEM

Substantially all employees of the Institute are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) are members of the Teachers’ Retirement System of Louisiana; other employees, such as custodial personnel, are members of the Louisiana School Employees’ Retirement System. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Teachers’ Retirement System of Louisiana (TRSL)

Plan Description – The TRSL consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report and includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers’ Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, LA 70804-9123, or by calling (225) 925-6446.

Funding Policy – Plan members are required to contribute 8.0 percent, 9.1 percent, and 5.0 percent to their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The Institute is required to contribute at an actuarially determined rate. The rate was 24.5% and 23.7% of annual covered payroll for all three membership plans for the years ended June 30, 2013 and 2012, respectively. Starting July 1, 2013, the System rate was increased to 27.2%. Member contributions and employer’s contributions for the TRSL are established by state law and rates are established by the Public Retirement

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

Systems' Actuarial Committee. The Institute's employer contribution for the TRSL, as provide by state law, is funded by the State of Louisiana through annual appropriations and by remittances from the Institute.

The Institute had no contributions to the TRSL for the year ended June 30, 2013. The Institute's contribution to the TRSL for the year ended June 30, 2012 was \$476,245; an amount equal to the required contribution for the year.

B. Louisiana School Employees' Retirement System (LSERS)

Plan Description – The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 44516, Baton Rouge, LA 70804, or by calling (225) 925-6484.

Funding Policy – Effective July 1, 2010, plan members new to LSERS are required to contribute 8.0% and plan members prior to July 1, 2010 are required to contribute 7.5% of their annual covered salary, and the Institute is required to contribute at an actuarially determined rate. The rate was 30.8% and 28.6% of annual eligible covered payroll for the years ended June 30, 2013 and 2012, respectively. Starting July 1, 2013, the rate was increased to 32.3%. Member contributions and employer contributions for the LSERS are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The Institute's employer contribution for the LSERS is funded by the State of Louisiana through annual appropriations.

The Institute had no contributions to the LSERS for the year ended June 30, 2013. The Institute's contribution to the LSERS for the year ended June 30, 2012 was \$14,623; an amount equal to the required contribution for the year.

Effective April 2012, after receiving approval from BESE, the School withdrew from the TRSL and the LSERS. There is currently no retirement plan offered to the employees of the School.

NOTE G – COMPENSATED ABSENCES

Teachers and staff are allowed a maximum of 10 cumulative sick and/or personal days per year. These days will not carry over to the next year, but may, at the discretion of the Institute's Board of Directors, be used for extended sick leave if an employee has a medical event that necessitates longer than 10 days of recovery, and permission is granted by the Board of Directors of the Institute. At the time of retirement, death or termination, no monies will be owed or paid to an employee for accumulated sick days. If an employee leaves the Institute to continue in another public school system, the accumulated days on record will be transferred to that system upon resignation from Institute.

INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE H – LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

	<u>2013</u>	<u>2012</u>
Note payable to a financial institution, collateralized by vehicles with interest based on the LIBOR rate	\$ -	\$ 19,152
Note payable to a financial institution, collateralized by a vehicle with interest based on the LIBOR rate	<u>24,185</u>	<u>36,431</u>
Total debt	24,185	55,583
Less: current maturities	<u>(11,000)</u>	<u>(30,152)</u>
Long-term debt	<u>\$ 13,185</u>	<u>\$ 25,431</u>

Total debt outstanding matures as follows:

2014	\$ 11,000
2015	11,000
2016	<u>2,185</u>
	<u>\$ 24,185</u>

NOTE I – LINE OF CREDIT

The Institute had a \$750,000 revolving line of credit of which none was outstanding as of June 30, 2013. There was \$200,000 outstanding as of June 30, 2012. Bank advances on the credit line are payable on demand and carry a variable interest rate equal to the Prime rate, 2.77% at June 30, 2012. The credit line was secured by substantially all of the Institute's bank accounts and expired in May 2013.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 30, 2013, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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



Certified Public Accountants & Consultants

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES**

To the Board of Directors
Institute for Academic Excellence
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 the Institute for Academic Excellence (d/b/a Sophie B. Wright Charter 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 Institute for Academic Excellence and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. Management of the Institute for Academic Excellence is responsible for its performance and statistical data. This agreed-upon procedure 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.

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 inspected 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 - not applicable,
- Total Local Earnings on Investment in Real Property - not applicable,
- Total State Revenue in Lieu of Taxes - not applicable,
- Nonpublic Textbook Revenue - not applicable, and
- Nonpublic Transportation Revenue - not applicable.

Findings: None noted

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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 board supporting payroll records as of October 1st.

Findings: None noted

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 the schedule.

Findings: None noted

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 5 teachers to the individual’s personnel file and determined if the individual’s education level was properly classified on the schedule.

Findings: None 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.

Findings: None noted

Experience of Public Principals, Assistant 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 1st 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 noted

Public School Staff Data (Schedule 5)

7. We obtained a list of 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 5 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 noted

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

Findings: None 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 and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. 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 noted

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 the Institute for Academic Excellence.

Findings: None noted

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 the Institute for Academic Excellence.

Findings: Not applicable for fiscal year ended June 30, 2013

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 Institute for Academic Excellence.

Findings: None 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 the management of the Institute for Academic Excellence, 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.

Silva Gurtner & Almey, LLC

New Orleans, Louisiana
December 30, 2013

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 1 - GENERAL FUND INSTRUCTIONAL AND SUPPORT
EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2013**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$1,383,923	
Other Instructional Staff Salaries	53,512	
Employee Benefits	384,635	
Purchased Professional and Technical Services	186,743	
Instructional Materials and Supplies	105,180	
Instructional Equipment	2,353	
Total Teacher and Student Interaction Activities		2,116,346

Other Instructional Activities -

Pupil Support Services	419,594	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		419,594

Instructional Staff Services	62,358	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		62,358

School Administration	965,180	
Less: Equipment for School Administration	5,664	
Net School Administration		959,516

Total General Fund Instructional Expenditures **\$ 3,557,814**

Total General Fund Equipment Expenditures **\$ 5,664**

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

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 2 - EDUCATION LEVELS OF PUBLIC SCHOOL STAFF
AS OF OCTOBER 1, 2012**

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	-	-	-	-	-	-	-	-
Bachelor's Degree	10	48%	8	89%	1	25%	-	-
Master's Degree	11	52%	1	11%	3	75%	-	-
Master's Degree + 30	-	-	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
Total	21	100%	9	100%	4	100%	-	-

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

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 3 - NUMBER AND TYPE OF PUBLIC SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2013**

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

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

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 4 - EXPERIENCE OF PUBLIC PRINCIPALS, ASSISTANT
PRINCIPALS AND FULL TIME CLASSROOM TEACHERS
AS OF OCTOBER 1, 2012**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	2	-	-	-	1	3
Principals	-	-	-	1	-	-	-	1
Classroom Teachers	3	6	13	3	1	1	3	30
Total	3	6	15	4	1	1	4	34

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

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 5 - PUBLIC SCHOOL STAFF DATA
FOR THE YEAR ENDED JUNE 30, 2013**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	46,172	45,718
Average Classroom Teachers Salary Excluding Extra Compensation	46,131	45,674
Number of Teacher Full-Time Equivalents (FTEs) used in Computation of Average Salaries	30	28

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, 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.

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

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 6 - CLASS SIZE CHARACTERISTICS
AS OF OCTOBER 1, 2012**

	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	15%	20	15%	20	3%	4	-	-
Middle / Jr. High Activity Classes	-	-	2%	3	1%	1	-	-
High	36%	50	16%	21	6%	8	-	-
High Activity Classes	4%	5	1%	1	1%	2	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 7 - LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP)
FOR THE YEAR ENDED JUNE 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Fiscal years noted as "N/A" were done so due to the Institute not providing the applicable grade level in that year.

(Continued)

INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 7 - LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP), (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	-	0%	1	1%	-	0%	1	1%	-	0%	2	2%
Mastery	6	8%	5	7%	12	16%	3	4%	1	1%	4	5%
Basic	46	61%	40	53%	35	45%	50	63%	41	54%	46	60%
Approaching Basic	26	34%	27	36%	29	38%	15	19%	31	41%	13	17%
Unsatisfactory	2	3%	3	4%	1	1%	11	14%	3	4%	12	16%
Total	76	100%	76	100%	77	100%	80	100%	76	100%	77	100%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	-	0%	1	1%	-	0%	-	0%	-	0%	1	1%
Mastery	3	4%	9	12%	8	10%	5	6%	7	9%	4	5%
Basic	42	53%	48	63%	34	44%	42	53%	43	57%	41	54%
Approaching Basic	30	38%	15	20%	25	33%	27	34%	19	25%	24	31%
Unsatisfactory	5	6%	3	4%	10	13%	6	8%	7	9%	7	9%
Total	80	100%	76	100%	77	100%	80	100%	76	100%	77	100%

(Concluded)

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

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 8 - GRADUATION EXIT EXAM (GEE)
FOR THE YEAR ENDED JUNE 30, 2013**

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	N/A	N/A	N/A	N/A	-	-	N/A	N/A	N/A	N/A	-	-
Mastery	N/A	N/A	N/A	N/A	6	8%	N/A	N/A	N/A	N/A	3	4%
Basic	N/A	N/A	N/A	N/A	43	60%	N/A	N/A	N/A	N/A	37	53%
Approaching Basic	N/A	N/A	N/A	N/A	19	26%	N/A	N/A	N/A	N/A	15	22%
Unsatisfactory	N/A	N/A	N/A	N/A	4	6%	N/A	N/A	N/A	N/A	15	22%
Total	N/A	N/A	N/A	N/A	72	100%	N/A	N/A	N/A	N/A	70	100%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	N/A	N/A	-	-	-	-	N/A	N/A	-	-	-	-
Mastery	N/A	N/A	4	6%	2	8%	N/A	N/A	6	9%	1	4%
Basic	N/A	N/A	29	41%	13	54%	N/A	N/A	47	67%	15	62%
Approaching Basic	N/A	N/A	24	34%	5	21%	N/A	N/A	8	11%	5	21%
Unsatisfactory	N/A	N/A	14	19%	4	17%	N/A	N/A	9	13%	3	13%
Total	N/A	N/A	71	100%	24	100%	N/A	N/A	70	100%	24	100%

Fiscal years noted as "N/A" were done so due to the Institute not providing the applicable grade level in that year.

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

INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 9 - iLEAP TESTS
FOR THE YEAR ENDED JUNE 30, 2013

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Fiscal years noted as "N/A" were done so due to the Institute not providing the applicable grade level in that year.

(Continued)

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 9 - iLEAP TESTS, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5												
Advanced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Fiscal years noted as "N/A" were done so due to the Institute not providing the applicable grade level in that year.

(Continued)

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 9 - iLEAP TESTS, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6												
Advanced	1	3%	-	-	-	-	-	-	-	-	1	2%
Mastery	-	5%	2	5%	10	18%	0	10%	4	10%	5	9%
Basic	9	54%	21	54%	22	38%	12	57%	22	57%	35	60%
Approaching Basic	9	23%	9	23%	7	12%	5	18%	7	18%	14	25%
Unsatisfactory	7	18%	7	18%	18	32%	9	15%	6	15%	2	4%
Total	39	100%	39	100%	57	100%	39	100%	39	100%	57	100%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6												
Advanced	-	-	-	-	-	-	-	-	-	-	-	-
Mastery	2	5%	2	5%	5	9%	1	3%	1	3%	9	16%
Basic	11	41%	16	41%	32	55%	8	54%	21	54%	30	52%
Approaching Basic	11	31%	12	31%	18	32%	10	10%	4	10%	10	18%
Unsatisfactory	2	23%	9	23%	2	4%	7	33%	13	33%	8	14%
Total	39	100%	39	100%	57	100%	39	100%	39	100%	57	100%

(Continued)

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE 9 - iLEAP TESTS, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

District Achievement Level Results	English Language Arts						Mathematics					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7												
Advanced	-	-	-	-	2	3%	-	-	-	-	-	-
Mastery	3	10%	8	10%	6	9%	1	5%	4	5%	3	5%
Basic	28	58%	45	58%	36	55%	22	53%	41	53%	33	50%
Approaching Basic	27	26%	20	26%	20	30%	26	25%	20	25%	20	30%
Unsatisfactory	6	6%	5	6%	2	3%	15	17%	13	17%	10	15%
Total	64	100%	78	100%	66	100%	64	100%	78	100%	66	100%

District Achievement Level Results	Science						Social Studies					
	2013		2012		2011		2013		2012		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7												
Advanced	-	-	1	1%	-	-	-	-	-	-	1	1%
Mastery	8	13%	25	32%	12	18%	4	6%	1	1%	5	8%
Basic	27	42%	35	45%	41	63%	19	29%	49	63%	34	52%
Approaching Basic	25	39%	17	22%	11	17%	28	43%	15	19%	16	25%
Unsatisfactory	4	6%	-	-	1	2%	14	22%	13	17%	9	14%
Total	64	100%	78	100%	65	100%	65	100%	78	100%	65	100%

(Concluded)

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

INFORMATION REQUIRED BY GASB AND OMB CIRCULAR A-133



Certified Public Accountants & Consultants

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
Institute for Academic Excellence
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Institute for Academic Excellence d/b/a Sophie B. Wright Charter School (the Institute), a nonprofit organization, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. See Finding 2013-01.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs to be a significant deficiency. See Finding 2011-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2013-01.

Institute for Academic Excellence's Response to Findings

The Institute's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Institute's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Silva Gurtner & Alney, LLC

New Orleans, Louisiana
December 30, 2013



Certified Public Accountants & Consultants

**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
Institute for Academic Excellence
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Institute for Academic Excellence d/b/a Sophie B. Wright Charter School's (the Institute) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended June 30, 2013. The Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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Unmodified Opinion on Each of the Major Federal Programs

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 2013-01. Our opinion on each major federal program is not modified with respect to this matter.

The Institute's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Institute's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Institute's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-01 to be a material weakness.

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 weakness in internal control over compliance, yet important

enough to merit attention by those charged with governance. Our consideration of internal control over compliance noted no deficiencies in internal control over compliance to be significant deficiencies.

The Institute's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Institute's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Silva Gurtner & Abney, LLC

New Orleans, Louisiana
December 30, 2013

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
United States Department of Education		
Passed-through the Louisiana Department of Education		
Title I Part A-Improving the Academic Achievement of the Disadvantaged	84.010A	\$ 355,574
Title II Part A - Teacher and Principal Training and Recruiting	84.367A	50,294
Individuals with Disabilities Education Act (IDEA) Part B	84.027A	67,006
Twenty-First Century Community Learning Centers	84.287A	268,187
Excellence in Education	84.215B	20,784
Race to the Top	84.395A	10,496
Total		<u>772,341</u>
United States Department of Education		
Passed-through the New School New Orleans		
Teacher Incentive Fund	84.374A	79,700
United States Department of Education		
Education Jobs	84.410	1,266
United States Department of Energy		
Passed-through the Louisiana Department of Education		
Education Support	84.300	4,325
Hurricane Educator Assistance Program	84.938K	27,306
Total		<u>31,631</u>
United States Department of Agriculture		
Passed-through the Louisiana Department of Education		
School Breakfast Program	10.553	16,600
Child Nutrition Cluster		
National School Lunch Program	10.555	172,072
Child and Adult Care Food Program	10.558	91,407
Total Child Nutrition Cluster		<u>263,479</u>
Total		<u>280,079</u>
Total Expenditures of Federal Awards		<u>\$ 1,165,017</u>

Note A - Summary of Significant Accounting Policies

Basis of Presentation – The accompanying schedule of expenditures of federal awards includes the federal grant activity of Institute for Academic Excellence d/b/a Sophie B. Wright Charter School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	<u> X </u> yes	<u> </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	<u> X </u> yes	<u> </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	<u> X </u> yes	<u> </u> no
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Identification of major programs:

CFDA Numbers

84.010A	Title I Part A-Improving the Academic Achievement of the Disadvantaged
10.555, 10.558	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ 300,000 </u>
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Auditee qualified as low-risk audit?	<u> </u> yes	<u> X </u> no
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**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section II – Findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*

2013-01 – Material Weakness: Internal Controls Over Expenditures

Criteria: The Institute should create, implement, and monitor internal controls over expenditures.

Condition: The Institute has a formal established set of policies and procedures for procurement/purchasing of expenditures that was not being adhered to during the year.

- 1) We noted during our testing that there were several expenditures selected for which no purchase requisition or purchase order could be provided to support the request or authorization of the expenditure, inclusive of credit card purchases for which there was no evidence of supporting documentation for the business purpose of the expenditure as there was no requisition of purchase order generated related to these charges.
- 2) In addition, the Institute uses credit cards for many of its purchases. The current policy does not specifically provide for controls around the use/authorization of credit card purchases. There are currently five credit cards that are issued to various Institute employees for which they are permitted to extensively use. In addition, the Charter Director/Principal reviews and authorizes the payment of the credit card expenditures each month but there is no independent review of the Charter Director/Principal's charges.

Cause: The Institute did not adequately implement and/or monitor the internal controls over expenditures.

Effect: There is an increased inherent risk for the misuse of funds for an organization when established controls over procurement and purchasing are not followed. It is imperative that the Institute adhere to the established policies and procedures related to the internal controls over the authorization of expenditures as well as maintain adequate documentation to support the business purpose of each of these expenditures as well as support to evidence the authorization and review of expenditures.

Recommendation: We recommend that the Institute ensure that they adhere to the policies and procedures established in their procurement/purchasing policies. Most importantly, that they maintain the documentary evidence that demonstrates the expenditure's business purposes, the proper review, and authorization of each expenditure.

Additionally, as it relates to credit card usage, we recommend that the organization implement stronger controls over credit card usage by employees and incorporate these controls into their procurement/purchasing policy as follows:

- A board member should review the credit card statements of the Charter Director on a monthly basis to evidence the review/authorization of these charges.
- Require pre-approval of credit card usage of employees
- Maintain control over credit cards while not in use.

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

- The business office manager should review on-line statements frequently and isolate and resolve questionable charges regularly.
- Consider establishing spending limits on credit cards for employees

Management's corrective action plan: Management had implemented new procedures over expenditures in the period and agrees with the above recommendation that these procedures need to be enhanced and monitored closely for compliance. Management is presenting its formal recommendation to the Board at the next meeting.

2011-01 – Accounts not reconciled timely and accurately

Criteria: All accounts should be reconciled timely and accurately.

Condition: All accounts should be reconciled on a regular basis, including all bank account reconciliations, receivable accounts, and payable accounts.

Cause: The time spent correcting transactions entered incorrectly by prior personnel caused some of the bank account reconciliations, receivable accounts reconciliations, and payable accounts reconciliations to be untimely and, at times, inaccurate.

Effect: The year-end closing process was significantly delayed in order to correct the remaining bank account reconciliations, receivable accounts reconciliations, and payables account reconciliations.

Recommendation: The Institute should ensure all accounts are reconciled timely and accurately.

Management's corrective action plan: During both the periods ending 2013 and 2012, we had increased personnel in the finance department in order to reconcile accounts more timely and accurately. However, due to the backlog of issues, we have not yet caught up. Management agrees with the above recommendation and will ensure resources are committed to the accurate reconciliation of all accounts on a timely basis.

Section III – Findings and questioned costs for federal awards under OMB Circular A-133 §510(a)

See Finding 2013-01 above.

**INSTITUTE FOR ACADEMIC EXCELLENCE
(d/b/a SOPHIE B. WRIGHT CHARTER SCHOOL)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

Section II – Findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*

2011-01 – Accounts not reconciled timely and accurately

Condition: All accounts should be reconciled on a regular basis, including bank accounts, payable accounts, and grant expenditures accounts.

Recommendation: The Institute should accurately reconcile all accounts on a regular basis.

Current Status: Not resolved. Refer to management’s corrective action plan in the schedule of findings and questioned costs.

Section III – Findings and questioned costs for federal awards under OMB Circular A-133 §510(a)

None noted.