

10/03

**BROADMOOR CHARTER SCHOOL BOARD, INC.**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAR 13 2013**

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

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Broadmoor Charter School Board, Inc.**

We have audited the accompanying statement of financial position of **Broadmoor Charter School Board, Inc. (the School)** (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 **the School's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of **the School's** internal control over financial reporting. Accordingly, we do not express such an opinion. 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.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Broadmoor Charter School Board, Inc.**  
Page 2

In our opinion, the financial statements previously referred to present fairly, in all material respects, the financial position of **the School** 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.

As further discussed in NOTE 4 and Finding Reference Number 2012-04, **the School** continues to dialogue with its management company regarding the resolution of the management agreement and consideration of debt forgiveness previously agreed on.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012 on our consideration of **the School'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. Also, that report contained instances of noncompliance and material weaknesses

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 31, 2012



**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2012**

---

**ASSETS**

Cash	\$ 339,144
Grants receivable (NOTE 2)	438,949
Prepaid items and other assets	39,079
Fixed assets, net (NOTE 3)	<u>77,467</u>
Total assets	<u>894,639</u>

**LIABILITIES**

Accounts payable-vendors	513,311
Accrued liabilities (NOTE 6)	252,085
Due to management company (NOTE 4)	<u>540,067</u>
Total liabilities	<u>1,305,463</u>

**CONTINGENCIES AND COMMITMENTS (NOTE 10)**

**NET DEFICIT**

Net deficit:	
Unrestricted (NOTE 12)	<u>(410,824)</u>
Total net deficit	<u>(410,824)</u>
Total liabilities and net deficit	<u>\$ 894,639</u>

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

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**REVENUES AND SUPPORT**

Local Sources	
Minimum Foundation Program	\$2,265,449
Contributions	9,148
Fees	<u>20,888</u>
Total revenues and support from local sources	<u>2,295,485</u>
State Sources	
Minimum Foundation Program	2,140,193
Grant	<u>4,585</u>
Total revenues from state sources	<u>2,144,778</u>
Federal Sources	
Grants	1,245,035
In-kind (NOTE 5)	<u>17,365</u>
Total revenues from federal sources	<u>1,262,400</u>
Total revenues and support	<u>5,702,663</u>

**EXPENSES**

Program Services	
Instructional	3,423,802
Supporting Services.	
Pupil support services	176,971
Instructional staff services	420
General administration	127,712
School administration	765,282
Business services	134,512
Operating and maintenance of plant services	574,160
Student transportation services	582,937
Food services operations	268,930
Depreciation	161,691
In-kind (NOTE 5)	<u>17,365</u>
Total expenses	<u>6,233,782</u>
Change in net assets	<u>(531,119)</u>
Unrestricted net assets, beginning of year	127,419
Adjustment to unrestricted net assets, beginning of year (NOTE 13)	<u>(7,124)</u>
Unrestricted net assets, beginning of year, as restated	<u>120,295</u>
Unrestricted net deficit, end of year	<u>\$ (410,824)</u>

The accompanying notes are an integral part of these financial statements

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$(531,119)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	161,691
Adjustment to beginning net assets	(7,124)
Increase in prepaid items and other assets	(39,079)
Decrease in grants receivable	226,996
Decrease in accrued liabilities	(146,546)
Increase in accounts payable-vendors	291,673
Decrease in due to management company	<u>(92,137)</u>
Net cash used in operating activities	<u>(135,645)</u>
Decrease in cash	(135,645)
Cash, beginning of year	<u>474,789</u>
Cash, end of year	<u>\$ 339,144</u>

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

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies:**

**General**

The **Broadmoor Charter School Board, Inc. (the School)** (a not-for-profit corporation) was granted a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2007 to operate a Type 5 public charter school d/b/a **Andrew H. Wilson Charter School**. On December 17, 2011, BESE's Board conditionally approved **the School's** charter agreement for three (3) years. Currently, **the School** serves students from kindergarten through eighth grade.

On July 30, 2007, **the School** entered into a management agreement with EdisonLearning, Inc. (EdisonLearning) to act as a management company of the charter school. EdisonLearning manages all aspects of the charter school unless provided in the management agreement.

On February 24, 2010, an agreement was reached between both parties that prohibited the termination of the management agreement in consideration of a debt forgiveness in the amount of \$800,519 for the year ended June 30, 2009. The agreement is subject to automatic renewal for a term of five (5) years unless notice to the contrary is given by the parties of the agreement as required by the renewal section of the agreement. Further, on December 14, 2011, **the School** opted to consider its re-engagement of EdisonLearning for the 2011-2012 school year and executed an agreement with EdisonLearning to provide selected educational services.

**Basis of Accounting**

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



**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,  
Continued:**

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**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 consist of curriculum, furniture, fixtures, and technology assets that are purchased by or donated to the School. Curriculum assets represent any instructional materials and equipment including books, videos, globes, calculators, science equipment, CDs, DVDs, musical instruments, gymnasium equipment and other.

Fixed assets of the School with a cost of \$1,000 (\$500 for curriculum) 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 estimated useful lives of the assets.

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.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,  
Continued:

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Grant Revenue

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

Grants Receivable

The grants receivable are stated at the amount management expects to collect from outstanding balances.

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 School** had no cash equivalents at June 30, 2012.

Income Taxes

**The School** 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. If for some reason the tax status is challenged in the future, the 2009, 2010 and 2011 tax years are open for examination by the IRS.

Financial Statement Presentation

Under Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) Section 958-605, *Not-For-Profit Entities, Revenue Recognition*, **the School** must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,  
Continued:**

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**Financial Statement Presentation, Continued**

In accordance with FASB ASC Section 958-205 *Not-for-Profit Entities Presentation of Financial Statements*, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

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

**Unrestricted Net Assets** - Support, revenues, and expenses for the general operation of the School.

**Temporarily Restricted Net Assets** - Contributions specifically authorized by the donors to be used for a certain purpose or to benefit a specific accounting period.

**Permanently Restricted Net Assets** - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the School. Generally, the donors of these assets permit the School to use all or part of the income derived from the investment of these contributions.

At June 30, 2012, the School has no temporarily or permanently restricted net assets

**Contributions**

In accordance with FASB ASC 958-605, unconditional promises to give (pledges) should be recorded as receivable and revenues and the School is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,  
Continued:**

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**Contributions, Continued**

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 classified to unrestricted net assets.

**Minimum Foundation Program**

**The School**, as a Type 5 charter school, received funding from BESE in an amount for pupils based on estimated daily attendance at **the School**. The amount of funding received is adjusted during the school year based on a student count on a designated date and the results of any audits performed.

**Functional Allocation of 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 supporting services in the accompanying statement of activities.

**Budgetary Data**

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

**NOTE 2 - Grants Receivable:**

Grants receivable at June 30, 2012, consists of pass-through reimbursable grant awards for cost incurred totaling \$438,949.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Fixed Assets, Net:**

The following is a summary of fixed assets at June 30, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2012</u>
Curriculum	\$ 570,657	\$ -0-	\$ 570,657
Furniture & equipment	<u>237,796</u>	<u>-0-</u>	<u>237,796</u>
	808,453	-0-	808,453
Less: accumulated depreciation	<u>(569,295)</u>	<u>(161,691)</u>	<u>(730,986)</u>
Total	<u>\$ 239,158</u>	<u>\$(161,691)</u>	<u>\$ 77,467</u>

**NOTE 4 - Due to Management Company:**

The management company agreement with EdisonLearning was a residual fee agreement prior to its amendment on December 11, 2011. Under the terms of said agreement the management company received its fee only when revenues exceeded expenses. Operational expenses were paid by the management company and the School transferred to the management company all grant revenues it earned and received to defray operational expenses paid by the management company and certain management company reimbursable expenses.

At June 30, 2012 amount due to the management company represents an accumulation of revenues earned by the School not yet remitted to the management company as of June 30, 2011 (the period through which EdisonLearning managed the School under the terms previously described). The amount is subject to the final resolution of questioned costs and the agreement between the School and management company dated February 24, 2010. Also, see Finding Reference Number 2012-04.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 5 - In-kind:**

**The School** received rent-free use of a school building from the Recovery School District (RSD) and also the use of furniture and equipment rent-free. The estimated value of the use of the building and furniture/equipment was not readily determinable and accordingly no amounts have been recorded in the accompanying financial statements.

Further, **the School** received during the year ended June 30, 2012, received \$17,365 in donated food commodities through the U.S. Department of Education.

**NOTE 6 - Accrued Liabilities:**

At June 30, 2012, accrued liabilities consisted of the following:

Salaries payable	\$226,121
Social Security and Medicare taxes payable	20,175
Student Activity liabilities	<u>5,789</u>
Total	<u>\$252,085</u>

**NOTE 7 - Risk Management:**

**The School** is exposed to various risks of loss related to torts, theft of, damage to and destruction of property for which **the School** 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.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 8 - Concentration of Credit Risk:**

**The School** maintains cash balances at a local bank. Accounts at this institution are fully insured by the Federal Deposit Insurance Corporation (FDIC). This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules.

**NOTE 9 - Board of Directors' Compensation:**

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

**NOTE 10 - Contingencies and Commitments:**

**The School** is a recipient of local, federal, and state grants. The grants are governed by various local, federal, and state guidelines, regulations, and contractual agreements.

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

**The School** is named in a lawsuit. It is counsel's opinion at June 30, 2012 and December 31, 2012 that the outcome of this matter will not have an adverse effect on the financial condition of **the School**.

**NOTE 11 - Subsequent Events:**

**The School** 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 School** performed such an evaluation through December 31, 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.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 12 - Net Deficit:**

For the year ended June 30, 2012, the School incurred an operating loss of \$531,119 resulting in a net deficit of \$410,824. As of December 31, 2012 management continues to review for a formal decision by the Board, a plan to address the deficit spending and condition.

**NOTE 13 - Adjustment to Beginning Net Assets:**

Unrestricted net assets at the beginning of the 2012 fiscal year has been adjusted to correct transactions improperly accounted for in the School's current year's financial statements.

**NOTE 14 - Operating Lease:**

The School leases an equipment under an operating lease. The lease is effective August 29, 2011 through 2014. The future minimum lease payments for the next two (2) years are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$19,935
2014	<u>19,935</u>
Total	<u>\$39,870</u>



**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 15 - Retirement Plan:**

On August 20, 2011, the School adopted a 401(k) Profit Sharing Plan. Employees age twenty-one (21) are eligible to participate in the elective deferral plan after six (6) consecutive months of eligibility service.

**The School** has elected a discretionary matching contribution option.

For the year ended June 30, 2012, the School made no contributions to the plan. Employee contributions to the plan for the year ended June 30, 2012 was \$30,911.

Prior to the new plan, the School maintained a 403(b) plan. For the year ended June 30, 2012, the School rolled over and/or liquidated to the benefit of eligible current and/or former employees.

## **SUPPLEMENTARY INFORMATION**



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

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Directors  
**Broadmoor Charter School Broad, Inc.**

Our report on our audit of the financial statements of **Broadmoor Charter School Board, Inc. (the School)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office 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. The Schedule of Expenditures of Federal Awards 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 in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Award is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
New Orleans, Louisiana**

December 31, 2012

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>		
<u>Passed through:</u> State of Louisiana Department of Education:		
National School Lunch Program	10 555	\$ 242,980
Commodities	10.555	<u>17,365</u>
<b>Total U.S. Department of Agriculture</b>		<u><b>260,345</b></u>
<b>U.S. DEPARTMENT OF EDUCATION:</b>		
<u>Passed through:</u> State of Louisiana Department of Education:		
Elementary and Secondary Education Act		
Title I, Part A - Grants to Local Educational Agencies	84.010	512,542
Elementary and Secondary Education Act		
Title I, School Improvement Grant	84.010	218,755
Elementary and Secondary Education Act		
Title II, Part A - Teacher and Principal Training		
Recruiting Fund	84.367	50,416
Education Jobs Fund	84.410	51,917
Education Excellence	84 215	9,344
Title IV, Part A, Safe and Drug Free Schools	84 186	4,256
Individuals with Disabilities Act (IDEA Part B)	84 027	86,170
IDEA High Risk Pool	84 027	<u>68,655</u>
<b>Total U.S. Department of Education</b>		<u><b>1,002,055</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><b>\$1,262,400</b></u>

NOTE: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the 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 the Independent Auditors' Report on Supplementary Information



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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  
**Broadmoor Charter School Board, Inc.**

We have audited the financial statements of **Broadmoor Charter School Board, Inc. (the School)**, (a not-for-profit corporation) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 31, 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 of America.

**Internal Control over Financial Reporting**

Management of **the School** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered **the School'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 School's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **the School'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**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs, as items 2012-01 and 2012-03, to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance. We consider the deficiencies described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-02, and 2012-04 to be significant deficiencies.

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)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School'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*.

We also noted certain matters that we reported to the management of the School in a separate letter dated December 31, 2012.

The School's response to the findings identified in our audit is described in the accompany Summary Schedule of Findings and Questioned Costs under the captions Management's Response and Planned Corrective Action and/or Current Status. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the School's Board of Directors, 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*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 31, 2012



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

(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  
**Broadmoor Charter School Board, Inc.**

**Compliance**

We have audited the compliance of **Broadmoor Charter School Broad, Inc. (the School)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **the School's** major federal programs for the year ended June 30, 2012. **The School's** major federal programs are identified in the summary of auditor results section of the accompanying Summary 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 School's** management. Our responsibility is to express an opinion on **the School'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 of America, 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 School'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 School's** compliance with those requirements.



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)

**Compliance, Continued**

In our opinion, the School complied, in all material respects, with the requirements previously referred to 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 an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 2012-05.

**Internal Control Over Compliance**

Management of the School 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 School'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 School'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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in a subsequent paragraph, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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 control 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 deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-06 and 2012-08 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2012-07 and 2012-09 to be significant deficiencies.

The School's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the captions Management's Response and Planned Corrective Action and/or Current Status. We did not audit the School's response and, accordingly, we express no opinion on the response.

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 School's Board of Directors, 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*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 31, 2012

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY 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: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency (ies) identified? Yes

Noncompliance material to financial statements noted? No

***Federal Awards***

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes
- Significant deficiency (ies) identified? Yes

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**Section I - Summary of Auditors' Results, Continued**

***Federal Awards, Continued***

**Identification of Major Program:**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Elementary and Secondary Education Act Title I - Part A - Grants to Local Educational Agencies
84.010	Elementary and Secondary Education Act Title I - School Improvement Grant

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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Auditee qualified as low-risk auditee:	No
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**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section II - Financial Statement Findings and Questioned Costs**

**Reference Number**

2012-01

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the School is responsible for establishing and maintaining effective internal controls over financial reporting.

**Condition**

The School's current internal control design or operation does not allow management or staff in the normal course of performing their assigned functions to prevent, or detect and correct misstatements in a timely manner. During the course of the audit for the year ended June 30, 2012, we proposed significant audit adjustments to address payroll under accrual, revenue under accrual, unrecorded depreciation expense and incorrectly recorded prepaid items etc.

**Questioned Costs**

None.

**Context**

Total expenses for the year ended June 30, 2012 were \$6,233,782.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2012-01

**Effect or Potential Effect**

Potential misstatement in financial statements prepared for both internal and/or external reporting purposes.

**Cause**

Size of financial reporting team.

**Recommendation**

We recommend that management of the School enhance its oversight over the financial reporting processes to ensure the completeness in recorded transactions.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2012-02

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the School is responsible for the implementation of a design and operation of internal control to safeguard the School's assets, and to include the complete and accurate preparation of financial statements and related footnotes.

**Condition**

Considering the size of the School's operations department , the important elements of internal controls and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the School's assets.

**Questioned Costs**

None.

**Context**

Total expenses for the year ended June 30, 2012 were \$6,233,782.



**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2012-02

**Effect or Potential Effect**

Potential for misappropriation of assets.

**Cause**

Size of staff coupled with the level of oversight and budgetary constraints.

**Recommendation**

We recommend that the Board through its Finance Committee continue and enhance its oversight of the financial processing and reporting functions.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2012-03

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the School is responsible for establishing and maintaining adequate internal controls over financial reporting. Such responsibility includes the implementation of a financial reporting system to facilitate the complete and accurate preparation of its financial statements and related footnotes.

**Condition**

The current design of internal control components over significant general ledger accounts, does not address the associated risks of its internal controls over financial reporting.

For the year ended June 30, 2012, we noted no documented evidence of periodic analysis, reconciliation and supervisory review of significant general ledger accounts such as salaries and related benefits, accrued liabilities, IRS Form 941 Information reporting reconciliation to the recorded general ledger account etc.

The School's various general ledger account coding and classifications are not currently structured to conform to the requirements of the *Louisiana Accounting and Uniform Governmental Handbook*.

**Questioned Costs**

None.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**  
2012-03

**Context**

Total expenses for the year ended June 30, 2012 were \$6,233,782.

**Effect of Potential Effect**

Misstatements in previously reported financial transactions resulting from significant year ended audit adjustments.

**Cause**

Lack of an established system to ensure and monitor the timely and complete analysis, reconciliation and review of executed transactions.

**Recommendation**

Management of the School should continuously evaluate its existing policies and practices to ensure its adequacy in the maintenance of adequate controls to ensure the accurate and timely reporting of all executed financial transactions.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number**

2012-04

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Condition**

At June 30, 2012, **the School** has recorded as payable to its previous management company a cumulative amount of \$540,067. Further **the School** is unable to determine the basis in the recorded amount either based on the calculation of net profit earned, reimbursements due etc.

**The School** and the management company entered into a agreement in consideration of a debt forgiveness and continue to discuss resolution.

**Questioned Costs**

None.

**Context**

Total amount recorded as payable to the management company at June 30, 2012 was \$540,067.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section II - Financial Statement Findings and Questioned Costs, Continued**

**Reference Number, Continued**  
2012-04

**Effect or Potential Effect**

Inability of the School to ascertain the completeness in recorded obligations.

**Cause**

Lack of adequate supporting documents to facilitate resolution of referenced condition.

**Recommendation**

Management of the School should continue to evaluate its options aimed at a resolution to the referenced condition.

**Management's Response and Planned Corrective Action**

Management has consulted with an attorney to assist in reviewing the payable due to its previous management company.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**

2012-05

**Federal Award Program**

Title I Part A - Grants to Local Educational Agencies (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of **the School** is responsible pursuant to CFR for the maintenance of a complete and accurate Schedule of Expenditures of Federal Awards.

**Condition**

The Schedule of Expenditures of Federal Awards provided to us for the year ended June 30, 2012 was incorrect for the amount listed as expended for the Title I grant by \$29,549.

**Questioned Costs**

None.

**Context**

To expenditures of federal awards for the year ended June 30, 2012 for the Title I program were \$512,542.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2012-05

**Effect or Potential Effect**

Potential for misstatement in recorded federal award expenditures.

**Cause**

Lack of a system in place to ensure completeness in executed financial transactions.

**Recommendation**

Management of the School should evaluate is current internal control design over financial reporting with an aim towards its completeness.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2012-06

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of **the School** is responsible for establishing and maintaining effective internal controls over financial reporting.

**Condition**

**The School's** current internal control design or operation does not allow management or staff in the normal course of performing their assigned functions to prevent, or detect and correct misstatements in a timely manner. During the course of the audit for the year ended June 30, 2012, we proposed significant audit adjustments to address payroll under accrual, revenue under accrual, unrecorded depreciation expense and incorrectly recorded prepaid items etc.

**The School's** various general ledger account coding and classifications are not currently structured to conform to the requirements of the *Louisiana Accounting and Uniform Governmental Handbook*.

**Questioned Costs**

None.

**Context**

Total expenses for the year ended June 30, 2012 were \$6,233,782.



**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2012-06

**Effect or Potential Effect**

Potential misstatement in financial statements prepared for both internal and/or external reporting purposes.

**Cause**

Size of financial reporting team.

**Recommendation**

We recommend that management of the School enhance its oversight over the financial reporting processes to ensure the completeness in recorded transactions.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2012-07

**Federal Program Award**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the School is responsible for the implementation of a design and operation of internal control to safeguard the School's assets, and to include the complete and accurate preparation of financial statements and related footnotes.

**Condition**

Considering the size of the School's operations department , the important elements of internal controls and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the School's assets.

**Questioned Costs**

None.

**Context**

Total expenses for the year ended June 30, 2012 were \$6,233,782

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2012-07

**Effect or Potential Effect**

Potential for misappropriation of assets

**Cause**

Size of staff coupled with the level of oversight and budgetary constraints.

**Recommendation**

We recommend that the Board through its Finance Committee continue and enhance its oversight of the financial processing and reporting functions.

**Management's Response and Planned Corrective Action**

Management will work with its finance committee to ensure continued oversight of financial processing and reporting functions.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2012-08

**Federal Award Program**

All programs (see Schedule of Expenditures of Federal Awards).

**Criteria**

Management of the School is responsible for establishing and maintaining adequate internal controls over financial reporting. Such responsibility includes the implementation of a financial reporting system to facilitate the complete and accurate preparation of its financial statements and related footnotes.

**Condition**

The current design of internal control components over significant general ledger accounts, does not address the associated risks of its internal controls over financial reporting.

For the year ended June 30, 2012, we noted no documented evidence of periodic analysis, reconciliation and supervisory review of significant general ledger accounts such as salaries and related benefits, accrued liabilities, IRS Form 941 information reporting reconciliation to the recorded general ledger account etc.

**Questioned Costs**

None.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**  
2012-08

**Context**

Total expenses for the year ended June 30, 2012 were \$6,233,782.

**Effect of Potential Effect**

Misstatements in previously reported financial transactions resulting from significant year ended audit adjustments.

**Cause**

Lack of an established system to ensure and monitor the timely and complete analysis, reconciliation and review of executed transactions.

**Recommendation**

Management of the School should continuously evaluate its existing policies and practices to ensure its adequacy in the maintenance of adequate controls to ensure the accurate and timely reporting of all executed financial transactions.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2012-09

**Federal Award Programs**

Title I Part A - Grants to Local Educational Agencies (see Schedule of Expenditures of Federal Awards)

**Criteria**

Management of the School is responsible pursuant to CFR for the maintenance of a complete and accurate Schedule of Expenditures of Federal Awards.

**Condition**

The Schedule of Expenditures of Federal Awards provided to us for the year ended June 30, 2012 was incorrect for the amount listed as expended for the Title I grant by \$29,549.

**Questioned Costs**

None.

**Context**

To expenditures of federal awards for the year ended June 30, 2012 for the Title I program were \$512,542.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**  
2012-09

**Effect or Potential Effect**

Potential for misstatement in recorded federal award expenditures.

**Cause**

Lack of a system in place to ensure completeness in executed financial transactions.

**Recommendation**

Management of the School should evaluate its current internal control design over financial reporting with an aim towards its completeness.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs**

**Reference Numbers**

2011-01, 2011-06 and 2010-02

**Condition**

A significant portion of **the School's** financial operations is performed by a management company. Based on our review of operations during the year ended June 30, 2011, we noted an inadequate design of internal control over significant general ledger accounts and processes to include inadequate and/or limited review of executed transactions by **the School**.

Further, we noted no procedures and policies in place to ensure the accurate and complete preparation of financial statements and related footnote disclosures in accordance with accounting principles generally accepted in the United States of America.

Based on our observation, **the School** has initiated a transition towards the development and implementation of formalized written policies and procedures to ensure management of its financial operations.

**Recommendation**

We recommend that management continue to develop for board approval and implementation, an adequate design of internal controls to include policies and procedures for its financial accounting and reporting cycles.

**Current Status**

Resolved. Management disengaged all business and financial processing services from its management company in October 2011. Management developed a Financial Policies and Procedures Manual that was adopted by the Board of Directors in February 2012. Management will continue to evaluate its internal control policies to ensure completeness of all recorded financial statements.



**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2011-02 and 2011-07

**Condition**

Our review of **the School's** cash receipts, disbursements, to include payroll transactions and general ledger for the year ended June 30, 2011 revealed the following:

- o **The School's** disbursement transactions relating to operating expenses incurred were executed on behalf of **the School** from a bank account maintained by its management company. The management company also recorded all financial transactions for **the School** to an accounting system maintained and operated by the management company. As such, all transactions related to the operations of **the School** for the year ended June 30, 2011, were recorded via journal entry in the accounting system maintained by **the School** based on spreadsheets provided by the management company. Documentation supporting those transactions executed by the management company on behalf of **the School** are not routinely and consistently provided to **the School** by the management company.

Further, **the School** was unable to provide supporting documentation for all transactions executed by the management company on a routine and consistent basis. In instances where documents were made available for our review, the management company provided scanned images of vendor invoices, cancelled checks, contracts, etc.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**

2011-02 and 2011-07

**Condition, Continued**

- o Our testing of a sample of payroll transactions posted to the general ledger maintained by **the School**, revealed instances where payroll transaction amounts posted to **the School's** general ledger were various system generated monthly accruals. These transactions were represented to us as being reversed in the subsequent period but we were unable to ascertain the method for the calculation for the monthly accruals. Additionally, included were monthly "summer pay" accruals. A review of the summer pay accruals at June 30, 2011 revealed an overstatement prior to the effect of an audit adjustment.
- o The general ledger provided to us in connection with the June 30, 2011 audit was a recreation of one previously maintained by **the School** prior to the termination of the designated staff person who maintained the ledger.

The recreated general ledger was based on bank statements as such, the general ledger provided to us for our review lacked the necessary details for a complete review of the general ledger in connection with the audit.

However, our limited review revealed unrecorded transactions for depreciation expense, inkind revenues and expenses, erroneous recordation of prior year transactions, and unrecorded year end accruals.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**  
2011-02 and 2011-07

**Condition, Continued**

- o Inadequate documentation available to support the determination of management fees recorded in the financial statements for and by the management company for the year ended June 30, 2011 and \$112,500 for year ended June 30, 2010.

**Recommendation**

Management should continue its evaluation of the current financial process and reporting functions with an aim towards ensuring its completeness to support all financial transactions executed to facilitate reporting to both external and internal users. Records retained to support all financial transactions should be the original documents executed and/or received.

**Current Status**

Partially resolved. See current year's finding reference numbers 2012-01, 2012-03, 2012-06 and 2012-08.

Management disengaged all business and financial processing services from its management company in October 2011. Management currently maintains all relevant documentation in a file at the School.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2011-03 and 2010-10

**Condition**

The School's various general ledger account coding and classifications are not currently structured to conform to the requirements of the *Louisiana Accounting and Uniform Governmental Handbook*.

**Recommendation**

As the School continues to restructure its financial processing and reporting functions, the requirements of LAUGH should be incorporated.

**Current Status**

Unresolved. See current year's finding reference numbers 2012-03 and 2012-06.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2011-04, 2010-11 and 2009-03

**Condition**

The audited financial statements for the year end June 30, 2011 was submitted within an approved extension request.

**Recommendation**

As the School continues to restructure its financial processing and reporting functions, greater emphasis should be placed on the financial operating cycle to ensure the timely and accurate financial information reporting. Audit adjustments should be minimal through the timely review and analysis of significant general ledger accounts.

Furthermore, an enhanced level of oversight is necessary to ensure the timely, accurate and complete financial information reporting

**Current Status**

Resolved.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2011-05 and 2010-07

**Condition**

At June 30, 2011, the School has \$632,204 recorded as a cumulative amount due to its management company. Further, the School has not requested a calculation of the net profit earned from the management company. The School has not made a similar request for the year ended June 30, 2010.

As previously discussed, management entered into an agreement with its management company in consideration of a debt forgiveness in the amount of \$800,519 for the year ended June 30, 2009. Further, the management fee payable at June 30, 2010 does not have the effect of potential questioned costs included in this report.

**Recommendation**

Management of the School should evaluate the referenced condition for resolution.

Further, a calculation of the net profit to include all supporting documents should be formally requested from the management company.

**Current Status**

Unresolved. See current year's finding reference number 2012-04.

Management has consulted with an attorney to assist in reviewing the payable due to its previous management company.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-08

**Condition**

Management of the School was unable to provide executed contracts for two (2) employees and no time and effort certifications for three (3) employees.

**Recommendation**

We recommend that management establishes written procedures to ensure that all reimbursable expenses are supported by sufficient and complete documentation.

**Current Status**

Resolved. During the course of 2011-2012 audit, there were no referenced conditions of unavailable contracts or unavailable time and effort certifications. Management through documentation submitted to the Louisiana Department of Education later corrected this issued.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-09

**Condition**

**The School** was unable to provide documentation to support health insurance charged to the Title I Federal award program. It is our understanding through discussion with management that the charges were based on an estimate provided by its management company. Further, we were unable to obtain the calculations to support the estimate used by **the School**. Additionally, the estimate is calculated for all employees with no determination as to whether the respective employee is enrolled in **the School's** healthcare plan.

However, the methodology has been accepted by the Department of Education in response to previous audit findings.

**Recommendation**

We recommend that **the School** fully document its basis for cost allocation to its respective federal grant awards pursuant to 2 CFR Section 230.

**Current Status**

Resolved. All healthcare costs are available for review.



**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-10

**Condition**

The School was unable to provide an accurate, current and complete schedule of grant expenditures. The Schedule of Expenditures of Federal Awards provided to us did not agree with the general ledger at June 30, 2011.

**Recommendation**

We recommend that the School establishes and implement policies and procedures to ensure compliance with the requirements of 80 CFR Section 20.

**Current Status**

Unresolved. See current year's finding reference numbers 2012-05 and 2012-09.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-11

**Condition**

**The School** failed to provide sufficient evidence that one (1) paraprofessional paid with Title I, Part A funds met the Highly Qualified (HQ) status in the instructional area assigned pursuant to the requirements of §1119(a)(1).

**Recommendation**

**The School** should implement procedures aimed at ensuring compliance with the requirements of Title I, Part A program.

**Current Status**

Resolved. During the course of the 2011-2012 audit there were no referenced conditions under Title I.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-12

**Condition**

**The School** failed to submit its School Improvement template to the Louisiana Department of Education by the sanctioned deadline of October 22, 2010. The plan was submitted on December 8, 2010.

**Recommendation**

We recommend that **the School** takes the necessary steps to ensure that all deadlines are adhered to without exception.

**Current Status**

Resolved. Due to recent Act I Legislation, School Improvement plans are no longer required. Furthermore, **the School** existed AUS status.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-13

**Condition**

For five (5) students selected for testing in connection with the Title I, Part A grant, we noted three (3) instances where the students tested in the referenced selection did not show evidence of academic improvement.

**Recommendation**

**The School** should continue to evaluate its current strategies aimed towards attainment of its contractual deliverables.

**Current Status**

Resolved.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-14

**Condition**

The School was unable to provide documentation to support health insurance charges to federal awards. The charges were based on an estimate provided by its management company. Further, we were unable to obtain the calculations to support the estimate. Additionally, the estimate was calculated for all employees with no determination that the respective employee is enrolled in the School's healthcare plan.

However, the methodology has been accepted by the Department of Education in response to previous audit findings.

**Recommendation**

We recommend that the School fully document its basis for cost allocation to its respective federal grant awards pursuant to 2 CFR Section 230.

**Current Status**

Resolved. All healthcare costs are available for review.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-15

**Condition**

The School requested and received four (4) reimbursements of \$7,983, \$4,137, \$8,190, and \$3,215 totaling \$23,525 for expenditures which could not be supported by invoices or by payments. Additionally, we noted that a request for reimbursement was made for expenditures totaling \$8,671 when supporting documentation totaled \$7,955 (a difference of \$716).

**Recommendation**

We recommend that the School establishes procedures and implement to ensure that expenses are requested for only allowable grant expenses and are supported by sufficient, competent, and relevant documentation.

**Current Status**

Resolved. All requested reimbursements are accurately documented and the for the year ended 2011 and 2012 audit revealed no questioned costs related to federal programs.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-16

**Condition**

**The School** was unable to provide executed contract for one (1) employee and time and effort certification for another employee.

**Recommendation**

We recommend that **the School** establishes and implement procedures to ensure that expenses are requested for only allowable grant costs and are supported by sufficient, competent, and relevant documentation.

**Current Status**

Resolved. During the course of the 2011 and 2012 audit, there were no referenced conditions of unavailable contracts or unavailable time and effort certifications. Management through documentation submitted to the Louisiana Department of Education later corrected this issue.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-17

**Condition**

**The School** failed to provide sufficient evidence that there is administrative control of property/inventory (materials, supplies and equipment). An equipment purchased of \$7,955 selected for testing was not included in the listing of equipment purchased with federal funds.

**Recommendation**

We recommend that **the School** takes the necessary steps to ensure that equipment purchased with federal funds are properly recorded in **the School's** detail property ledger.

**Current Status**

Resolved



**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-18

**Condition**

**The School's** written procurement policy is not in alignment with 2 CFR Section 215.44 or the procurement requirements of the State of Louisiana.

**Recommendation**

We recommend that **the School** establishes and implement a written procurement policy, as outlined in 2 CFR Section 215.44 and Louisiana State Revised Statutes.

**Current Status**

Resolved. **The School** adopted a written procurement policy in February 2012.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-19

**Condition**

We noted no documented evidence to support the type and basis for procurement of supplies exceeding the small purchase threshold of \$25,000 from two vendors. **The School** also entered into a contract exceeding the small purchase threshold with one vendor to provide services.

**Recommendation**

We recommend that **the School** take the necessary steps to ensure that all procurement activities and fully documented to support the basis and type.

**Current Status**

Unresolved. See current year's other matters reference number OM 2012-06.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2011-20

**Condition**

**The School** executed procurement contracts for goods and services exceeding the \$25,000 "small purchases" threshold without documented verification that the respective vendor was not suspended, debarred or otherwise excluded.

**Recommendation**

We recommend that **the School** verify by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and retaining documentation of the search, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity.

**Current Status**

Resolved. Management regularly verified EPLS status and retains documentation.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers**

2010-01 and 2009-02

**Condition**

Upon receipt of the School's general ledger, we noted the following significant deficiencies in the internal control over financial reporting that we consider material weaknesses in that they represented material misstatements in the School's financial statements (i.e. general ledger) that was not prevented or detected and corrected on a timely basis by management or employees in the normal course of performing their assigned functions.

o **Prepaid Expenses**

Upon receipt of the School's general ledger, we noted that included in prepaid expenses at June 30, 2010 was approximately \$53,800 of which approximately \$27,800 dated back to the prior year. We were initially unable to ascertain the composition of the prepaid balances based on our inquiries of management of the School. Our additional audit procedures and inquiries necessitated audit adjustments to properly state prepaid balances at June 30, 2010.

o **Capitalized Cost and Related Depreciation Expense**

Upon receipt of the School's depreciation calculation, we noted that it's the School's policy that capitalized assets are depreciated on a straight-line basis. Our initial observations revealed that depreciation expense was calculated incorrectly. These errors resulted in a recalculation of depreciation expense and audit adjustments to properly state capitalized assets and depreciation expense as of and for the year ended June 30, 2010.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Numbers, Continued**  
2010-01 and 2009-02

**Condition, Continued**

o **Accounts Payable and Accrued Liabilities**

Upon receipt of the School's general ledger, included in liabilities were approximately \$89,300 identified as accounts payable. Upon our initial inquiry of management, we were unable to obtain a supporting detail as to which vendors were owed payments aggregating to \$89,300. Additionally, our inquiries revealed that the \$69,700 identified as "bonuses payable" were not true liabilities but actually amounts designated for potential future bonus payments that had not been declared and approved for payment by the School as of June 30, 2010. During the course of our additional inquiries and audit procedures we were unable to ascertain the necessity for an audit adjustment to properly state and classify these balances.

**Recommendation**

We recommended that the internal controls over financial reporting be strengthened to ensure the fair and accurate presentation of account balances, as reflected in the accounting books and records of the School.

**Current Status**

Unresolved. See current year's findings reference numbers 2012-01, 2012-03, 2012-06 and 2012-08. Management continues to evaluate its internal control policies.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2010-05

**Condition**

During the course of our audit, we noted that upon receipt, **the School** forwards all "External Public Funds" [i.e. State and Local Minimum Foundation Program (MFP) funds and all Federal awards and grant funds] directly to its management company to cover the majority of the day-to-day operating expenses of **the School**. The management company subsequently forwards to **the School** summary schedules of transactions executed on behalf of **the School** and those transactions are posted in summary form, via journal entries, to the general ledger maintained by **the School**. Electronic images of the applicable supporting documentation (i.e. vendor invoices, cancelled check images, etc.) for those transactions are available upon request from the management company. The originals of this documentation remain in the custody of the management company and are not routinely provided to **the School** and reconciled by **the School** to the various summary schedules of transactions previously provided by the management company.

**Recommendation**

We recommended that all original documentation in support of transactions executed by the management company on behalf of **the School** be forwarded to **the School** on a routinely and timely basis to support transactions posted to **the School's** general ledger and that the original documentation be periodically reconciled to the summary schedules of transactions executed by the management company.

**Current Status**

Resolved. The management company is no longer utilized.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2010-06

**Condition**

During the course of our audit we selected a sample of payroll transactions posted to the general ledger maintained by **the School** from spreadsheets provided to **the School** by the management company. During the course of our test work, we noted that included in the payroll transaction amount posted to **the School's** general ledger were various system generated "soft close" monthly accruals which were represented to us as being reversed in the subsequent period but we were unable to ascertain the method for the calculation for the monthly "soft close" accruals. Additionally, included were monthly "summer pay" accruals for which we were unable to ascertain the method for the calculation for the monthly "summer pay" accruals.

Additionally, included in the payroll transactions selected for testing were payroll cost associated with **the School's** principal that were not included in the payroll register of **the School** due the principal being classified as an employee of the management company and not **the School**. The payroll costs associated with **the School's** principal were included in the spreadsheets provided to **the School** by the management company and posted to the general ledger maintained by **the School**.

**Recommendation**

We recommended that the monthly "soft close" and "summer pay" payroll accruals be reviewed to determine the reasonableness of its calculation in relation to the payroll cost charged to **the School**

**Current Status**

Resolved. The management company is no longer utilized.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2010-08

**Condition**

During the course of our testing, we noted that only scanned images of vendor invoices, canceled checks, contracts, etc. supporting various disbursements made on behalf of **the School** by the management company were available for our review and inspection. *Government Auditing Standards* indicate that "auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions". Those standards also indicate, while the nature and types of evidence to support auditors' findings and conclusions are matters of the auditors' professional judgment based on the audit objectives and audit risk, examination of original documents is generally more reliable than examination of copies.

**Recommendation**

We recommended that **the School** obtain and maintain on file, original vendor invoices and contracts supporting disbursements made to vendors by the management company on behalf of **the School**. Additionally, we recommended that **the School** develop a record retention policy that allows for destruction of original vendor invoices after a predetermined timeframe and maintenance of those scanned images subsequent to destruction of original vendor invoices.

**Current Status**

Resolved. The management company is no longer utilized. All financial transactions are completed at **the School** and documentation is retained at **the School**.



**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2010-09

**Condition**

As reported in the prior year, disbursement transactions relating to expenditures made on behalf of **the School** by the management company were recorded to an accounting system maintained and operated by the management company and all transactions were not recorded in a centralized information system maintained by **the School**. Additionally, all expenditures made by the management company on behalf of **the School** were disbursed from a bank account also maintained by the management company. In the current year, all transactions related to the activities of **the School** were recorded via journal entry in the accounting system maintained by **the School's** based on spreadsheets provided by the management company. However, based on our inquiries of management, adequate underlying documentation supporting those transactions executed by the management company on behalf of **the School** are not routinely and consistently provided to **the School** by the management company.

**Recommendation**

We recommended that the management of **the School** ensure that it is provided adequate supporting documentation in support of transactions executed on its behalf by the management company.

**Current Status**

Unresolved. See current year's finding reference number 2012-04.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2010-14

**Condition**

We noted during our audit that the School requested and received duplicate funding of \$41,533 in error from the funding source.

**Recommendation**

We recommended that the School establish policies and procedures to comply with 2 CFR Subpart C.

**Current Status**

Resolved.

**BROADMOOR CHARTER SCHOOL BOARD, INC.**  
**SUMMARY SCHEDULE FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2012**

---

**Section IV - Status of Prior Year's Findings and Questioned Costs, Continued**

**Reference Number**

2009-04

**Condition**

The nature of the accounting records availed itself to material audit adjustments.

**Recommendation**

We recommended that management institute the necessary policies and procedures aimed at the timely and periodic review and analysis of its financial statements to ensure completeness.

**Current Status**

Unresolved. See current year's finding reference numbers 2012-03 and 2012-08.

## **BROADMOOR CHARTER SCHOOL BOARD, INC.**

### **EXIT CONFERENCE**

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

## **BROADMOOR CHARTER SCHOOL BOARD, INC.**

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Mr. David Winkler-Schmit	-- Board Chairman
Ms. Christine Jones	-- Finance Committee Chair
Mr. Logan Crowe	-- Principal
Mr. Darius Munchak	-- Director of Finance and Operations
Mr. Frank Williams	-- Consultant

## **BRUNO & TERVALON LLP CERTIFIED PUBLIC ACCOUNTANTS**

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Mr Paul K Andoh, Sr., CPA	-- Partner
Mr. Armand Pinkney	-- Manager
Ms. Shannon Glapion, CPA	-- Senior
Ms. Mary Green	-- Consultant



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

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

## **INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL**

To the Board of Directors of  
**Broadmoor Charter School Board, Inc.**

In planning and performing our audit of the financial statements of **Broadmoor Charter School Board, Inc. (the School)** as of and for the year ended June 30, 2012 in accordance with auditing standards generally accepted in the United States of America, we considered **the School's** internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, and not for the purpose of expressing an opinion on the effectiveness of **the School's** internal controls. Accordingly, we do not express an opinion on the effectiveness of **the School's** internal controls.

However, during our audit we became aware of the following matters that are opportunities for strengthening internal controls and operating efficiency. Also, we reviewed the status of prior year's other matters. We previously reported on **the School's** internal control in our report dated December 31, 2012. This letter does not affect our report dated December 31, 2012 on the financial statements of **the School**.

We will review the status of these other matters during our next audit engagement. We have already discussed many of these other matters with various **School** personnel, and we will be pleased to discuss them in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

2012

The following is a summary of current years' other matters related to internal control:

**Reference Number**  
OM 2012-01

**Condition**

During the course of the audit, we reviewed the minutes of meetings of the School's board of directors. The review of the minutes indicated no consistent documented evidence of a review of the School's financial statements on a monthly basis nor any documented evidence of discussions concerning highlights, trends or other issues from the School's statement of financial position and statement of activities to include budget to actual comparisons.

**Recommendation**

We recommend that the School's board of directors review the School's financial statements on a monthly basis and that the evidence of that review and resulting discussions be reflected in the minutes of its meetings.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

**2012, CONTINUED**

**Reference Number**

OM 2012-02

**Condition**

The School does not adequately document leave and attendance activity to allow for an independent audit trail.

Based on a limited review of the sign in/out sheet provided to us, we noted instances where employees did not consistently sign-in/out. Further, we noted no evidence of documented supervisory review.

Further, the electronic leave report provided to us by management to support leave activity reflected some employees with negative leave balances.

**Recommendation**

Management should revisit with its current attendance and leave procedures to ensure its completeness.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

**2012, CONTINUED**

**Reference Number**

OM 2012-03

**Condition**

The homeless student count and the schedule of homeless students enrolled on September 30, 2011 did not agree with the schedule certified by the homeless liaison.

**Recommendation**

Management should implement a process to ensure supervisory review of all reports prepared for both internal and external purposes.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding.



**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  
**(CONTINUED)**

**2012, CONTINUED**

**Reference Number**

OM 2012-04

**Condition**

Our test performed on the June 30, 2012 operating bank account reconciliations revealed the following conditions:

- Untimely preparation or evidence of the date prepared and reviewed at a supervisory level. This condition resulted in the recordation of an adjustment by the School of approximately \$20,000 after the general ledger had been provided to us.
- The bank reconciliations are maintained in an electronic format. Furthermore, we noted no evidence to support a review of the original bank statements.

**Recommendation**

Management should ensure compliance in established board policy. Further management should evaluate its internal control processes in an effort to mitigate the potential risks associated with segregation of duties of its custodial and recordation functions.

**Management's Response and Planned Corrective Action**

Management will evaluate relevant policies to prevent reoccurrence of this finding.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

**2012, CONTINUED**

**Reference Number**

OM 2012-05

**Condition**

Our testing of thirty-six (36) cash disbursement transactions for October 2011 (month judgementally selected for testing) revealed the following conditions:

- In one (1) instance, we were unable to review supporting documents.
- In twenty-nine (29) instances, the invoices did not bear evidence of mathematical verification and markings as "paid" or "cancelled" to avoid the potential for duplicate payment.

**Recommendation**

Management should enhance its oversight over monthly accounting processes to minimize, if not eliminate, the referenced conditions.

**Management's Response and Planned Corrective Action**

All invoices were filed according to vendor and check stubs or proof of electronic funds transfer were stapled to the invoice paid

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

**2012, CONTINUED**

**Reference Number**

OM 2012-06

**Condition**

We noted no documented evidence to support the type and basis for procurement of supplies exceeding the small purchase threshold of \$25,000 from two vendors. **The School** also entered into a contract exceeding the small purchase threshold with one vendor to provide services.

**Recommendation**

We recommend that **the School** take the necessary steps to ensure that all procurement activities and fully documented to support the basis and type.

**Management's Response and Planned Corrective Action Plan**

Unresolved. During the year ended June 30, 2012, the Board adopted a procurement policy. Management will work on implementation to address the referenced condition.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  
**(CONTINUED)**

**2012, CONTINUED**

**Reference Number**

OM 2012-07

**Condition**

The School uses various software systems to accumulate accounting and other information on a regular basis. However, we noted no formal written plan in place to require the offsite storage of all pertinent accounting and other data.

**Recommendation**

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- o Definition of threats and risk (including likely effects on the School).
- o Operating security.
- o Processing priorities.
- o Disaster recovery planning (as appropriate).
- o Insurance coverage available or desirable.

**Management's Response and Planned Corrective Action**

Management will draft a written plan. All financial information is backed up utilizing Quickbooks Online Backup Service which allows for 25GB of storage. This allows for back-up of both the company file and any entered invoices. In addition, all payroll documentation is managed by a third party and is housed off-site.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

**2011 AND PRIOR**

The following summarizes the current status of prior years' on other matters related to internal control:

**Reference Number**

OM - 01

**Condition**

The current financial reporting system does not facilitate the timely and accurate reporting of financial statements on a monthly basis.

**Recommendation**

Management should restructure its current financial reporting system to ensure the preparation of its monthly financial statements for board review.

**Current Status**

Unresolved. See current year's other matters reference number OM 2012-01.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

**2011 AND PRIOR, CONTINUED**

**Reference Number**

OM - 02

**Condition**

Our review of the School's current operating processes and practices revealed the lack of a formalized accounting and procedural manual.

**Recommendation**

We recommend that management develop for staff's use an accounting and procedural manual to ensure consistency in the accounting process and reporting functions.

**Current Status**

Resolved

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

**2011 AND PRIOR, CONTINUED**

**Reference Number**

OM - 03

**Condition**

Because of the personnel size of the School's finance section, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of the School's assets.

**Recommendation**

We recommend that as a part of the restructuring of the its financial operations, management should evaluate the need for enhanced oversight over the processing and financial reporting functions.

**Current Status**

Unresolved. See current year's finding reference numbers 2012-02 and 2012-07.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  
**(CONTINUED)**

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**2011 AND PRIOR, CONTINUED**

**Reference Number**

OM - 04

**Condition**

The School uses various software systems to accumulate accounting and other information on a regular basis. However, we noted no formal written plan in place to require the offsite storage of all pertinent accounting and other data.

**Recommendation**

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- o Definition of threats and risk (including likely effects on the School).
- o Operating security.
- o Processing priorities.
- o Disaster recovery planning (as appropriate).
- o Insurance coverage available or desirable.

**Current Status**

Unresolved. See current year's other matters reference number OM 2012-07.



**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

**2011 AND PRIOR, CONTINUED**

**Reference Number**

OM - 05

**Condition**

The June 30, 2011 bank reconciliations lacked any evidence of management review.

**Recommendation**

We recommend that all bank account reconciliations to include significant general ledger account analysis should be reviewed and evidence of such review documented by management.

**Current Status**

Unresolved See current year's other matters reference number OM 2012-04.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

**2011 AND PRIOR, CONTINUED**

**Reference Number**

OM - 06

**Condition**

During the course of the audit, we reviewed the minutes of meetings of the School's Board of Directors. The review of the minutes indicated that there was not consistent documented evidence of a review of the School's financial statements on a monthly basis nor any documented evidence of discussions concerning highlights, trends or other issues from the School's statement of financial position or statement of activities.

**Recommendation**

We recommended that the School's Boards of Directors review the School's financial statements on a monthly basis and that the evidence of that review and resulting discussions be reflected in the minutes of its meetings.

**Current Status**

Unresolved. See current year's other matters reference number OM 2012-01.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

**2011 AND PRIOR, CONTINUED**

**Reference Number**

OM - 07

**Condition**

The size of the School's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the School to provide oversight and independent review functions.

**Recommendation**

We recommended that the Board of Directors of the School continue to be closely involved in the financial affairs of the School to provide oversight and independent review functions.

**Current Status**

Unresolved. See current year's finding reference numbers 2012-03 and 2012-08.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

**2011 AND PRIOR, CONTINUED**

**Reference Number**

OM - 08

**Condition**

**The School's** current capitalization policies state that items with a useful life greater than one (1) year and cost at least \$1,000 (\$500 for curriculum) or \$1,000 for bulk items are to be capitalized and depreciated over their estimated useful lives.

**Recommendation**

In an effort to ensure that the benefits of maintaining fixed assets records exceed the related cost, we recommended that **the School** re-examine their capitalization policies and choose to institute a higher capitalization threshold, amount in-line with the required threshold of the State of Louisiana.

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

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This report is intended solely for the information and use of management, the School's Board of Directors, and the Louisiana Legislative Auditor 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*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 31, 2012

**BROADMOOR CHARTER SCHOOL BOARD, INC.**

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

**FOR THE YEAR ENDED JUNE 30, 2012**



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

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

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Board of Directors  
**Broadmoor Charter School Board, Inc.**

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of **Broadmoor Charter School Board, Inc. (the School)** and the Legislative Auditor, State of Louisiana, as a required part of the audit engagement. We performed each procedure and reported the results, including exceptions. Management has provided a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of **the School** is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of **the School** and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about **the School's** compliance with certain laws and regulations during the year ended included in the *Louisiana Compliance Questionnaire*.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS**

Our procedures, findings and management's response follows:

**Financial Management**

**Procedure**

1. Determine if management (chief executive and board members) was presented with timely and accurate monthly financial statements, including budget-to-actual comparisons during the year under examination.

**Finding**

Based on our review of board minutes provided to us, we noted no evidence to support the presentation of timely and accurate monthly financial statements to include budget to actual comparisons during the year ended June 30, 2012 to its principal and board members .

It is our understanding through discussion with management that reports were submitted to the Board. Further, management provided us with quarterly reports submitted to the Department of Education.

**Management's Response and Planned Corrective Action**

All required quarterly budgeted to actual comparisons were submitted timely to the Department of Education via email. All required quarterly budget affidavits were signed by the Board President and submitted via email to the Department of Education. All required quarterly budgets were emailed to the Board of Directors via the Finance Committee.



**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

***Financial Management, Continued***

**Procedure**

2. If management was deficit spending during the period under examination, determine if there is a formal/written plan to eliminate the deficit spending and whether management is monitoring the plan.

**Finding**

The School incurred a deficit during 2012. While there appears to be discussions regarding the deficit status, management does not have a written plan approved by the Board to address the referenced condition as of December 31, 2012.

**Management's Response and Planned Corrective Action**

Management has developed a plan for Board approval and is awaiting approval of the full board at its next meeting

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**Financial Management, Continued**

**Procedure**

- 3 Determine if there are written policies and procedures for the following financial/business functions of the School.
  - o Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) checks and balances to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - o Disbursements, including processing, reviewing , and approving
  - o Receipts, including receiving, recording, and preparing deposits.

**Finding**

The Board during the year ended June 30, 2012 adopted written policies to address the areas of purchasing, disbursements and receipts.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Credit Cards**

**Procedure**

4. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards

**Finding**

Noted based on our review of disbursement transactions, a credit relationship via an established account with a vendor for office supplies. Total expenses for the year was approximately \$31,000. Under the terms of the arrangement based on our review of statements for October 15, 2011 and August 9, 2011, we noted an account number in the School's name with a payment plan of net thirty (30) days.

**Management's Response and Planned Corrective Action**

Management did not possess or utilize any credit cards during the period under audit.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Credit Cards, Continued**

**Procedure**

5. Obtain and review **the School's** written policies and procedures for credit cards (and debit cards if applicable) and determine if the following is addressed:
- How cards are to be controlled
  - Allowable business uses
  - Documentation requirements
  - Required approvers
  - Monitoring card usage

**Finding**

**The School's** adopted policy states that it does not issue credit cards to employee. Noted based on review of **the School's** policy that the policy addresses issues such as contract goods and services, issuance and monitoring of purchase orders and receipt of goods.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Credit Cards, Continued**

**Procedure**

6. Obtain the monthly statements for all credit cards (general, stores, and gasoline) used during the period under examination and select for detailed review, the two largest (dollar amount) statements for each card.

**Finding**

Reviewed **the School's** vendor payment history and selected two (2) of the highest payments and reviewed the statement noting the nature of purchases (supplies).

**Travel and Expense Reimbursement**

**Procedure**

7. Obtain and review **the School's** written policies and procedures for travel and expense reimbursement and determine if the following is addressed:
  - Allowable expenses
  - Dollar thresholds by category of expense
  - Documentation requirements
  - Required approvers

**Finding**

**The School** during the year ended June 30, 2012 adopted the State of Louisiana's travel policy.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

***Travel and Expense Reimbursement, Continued***

**Procedure**

8. Obtain a listing of all travel and related expense reimbursements during the period under examination and select for review the one person who was reimbursed the most money:
  - A. Obtain all of the expense reimbursement reports of the selected person, including the supporting documentation, and select the three largest (dollar) expense reports to review in detail.

Determine if each expense is:

- Reimbursed in accordance with written policy.
- In accordance with thresholds or guidelines established in the policies and procedures.
- For an appropriate and necessary business purpose relative to the travel.

Determine if each expense is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).
- Documentation of the business/public purpose.
- Other documentation as may be required by policy.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Travel and Expense Reimbursement, Continued**

**Procedure, Continued**

Determine if each expense report (including documentation) was reviewed and approved in writing, by someone other than the person receiving reimbursement

- B Determine if there was any duplication of expenses by comparing the expense reports to charges/purchases made on credit card(s).

**Finding**

For the one (1) person who was reimbursed the most money, we noted that mileage reimbursement exceed the amount outlined in the State of Louisiana's policy (the Board's adopted policy). The variance totaled \$22.21.

**Management's Response and Planned Corrective Action**

Management concurs with this finding. Management applied the Federal mileage rate of \$55 5 cents per mile as opposed to the Louisiana state rate of 51 cents per mile. This was applied incorrectly as per policy. The one person who was reimbursed the most money will immediately reimburse **the School** for the variance amount and an updated mileage policy will be provided to the Board of Directors for approval

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Contracts**

**Procedure**

9. Obtain and review the School's written policies and procedures for contracts/contracting, including leasing, and determine if the following is addressed:
- Types of services requiring written contracts
  - Standard terms and conditions
  - Legal review
  - Approval process
  - Monitoring process

**Finding**

The Board's approved policy does not specifically require a legal review of contracts.

**Procedure**

10. Determine if the School has centralized control and oversight of contracts to ensure that services/deliverables received and payments made comply with the terms and conditions of the contracts.

**Finding**

The School has vested in the Finance Committee, principal and operations manager the approval and management of its purchase and payment process.



**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Contracts, Continued**

**Procedure**

- 11 Obtain and review the accounting records (e.g. general ledgers, accounts payable vendor history reports, invoices, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g , professional, technical, etc.). Select the five “vendors” that were paid the most money during the period and for each
  - o Determine if there is a formal/written contract that supports the service arrangement and the total amount paid.
  - o Determine the business legitimacy of the vendor if not known by the auditor (e.g., look-up the vendor on the LA Secretary of State’s website).

**Finding**

Noted executed contracts with the vendors with the most payments except for the healthcare contract. Subsequent to this discussion, management provided us with a welcome message document, access administration, installation summary and a new business proposal cost summary for **the School’s** healthcare services for its employees

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Contracts, Continued**

**Procedure, Continued**

12. Obtain a listing of all active contracts and the expenditures made during the period under examination. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

- 1) Services
- 2) Materials and supplies
- 3) Public works

- A. Obtain the selected contracts and the related paid invoices and:

Determine if the contract is a related party transaction.

Determine if the transaction is subject to the Louisiana Public Bid Law:

- If yes, determine if **the School** complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.).
- If no, determine if **the School** provided an open and competitive atmosphere (a good business practice)

Determine if the contract was awarded under the request for proposals (RFP) method. If so done, obtain all proposals and the evaluation/scoring documents to determine if the contract was awarded to the most responsible offeror whose proposal was the most advantageous taking into consideration price and other evaluation factors set forth in the request for proposals.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Contracts, Continued**

**Procedure, Continued**

Determine if the procurement was made "off" state contract (as opposed to following the competitive bidding requirements of the Louisiana Public Bid Law). If so done, determine if the board formally adopted the use of the Louisiana Procurement Code (R.S. 39:1551-1755), the set of laws that govern most state agencies' purchases of certain services, materials and supplies, and major repairs.

Determine if the procurement related to homeland security and was made from federal General Service Administration (GSA) supply schedules. If so done, determine if **the School** (1) utilized a Louisiana licensed distributor; (2) used the competitive ordering procedures of the federal GSA ; and (3) received prior approval from the director of the State of Office of Homeland Security and Emergency Preparedness, or his designee.

Determine if **the School** "piggybacked" onto another agency's contract. If so done, determine if there is documentation on file that clearly demonstrates the contract was a previously bid, viable contract and the price paid by **the School** was the same as that contract's bid price.

Determine if the contract was amended. If so done, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amended is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.

Determine if the invoices received and payments made during the period complied with the terms and conditions of the contract.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Finding**

Purchases for office supplies were without a written contract. We reviewed the supporting invoices and check image noting agreement with recorded amounts on the School's general ledger. Noted no written documents to support the type and basis for procurement

For the transportation contract, we noted during our testing of four (4) invoices (judgementally selected) to the contract award, payments for bus monitoring services not included in the executed contract

**Management's Response and Planned Corrective Action**

Management concurs with this finding and will develop policies to repeat future findings.

**Payroll and Personnel**

**Procedure**

13. Obtain and review the School's written policies and procedures for payroll and personnel and determine if they address the processing of payroll, including reviewing and approving of time and attendance records, including leave and overtime worked

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Payroll and Personnel, Continued**

**Finding**

Our review revealed the lack of time sheets and leave records to support the payment for attendance and leave activity.

**The School** maintains a sign-in/out sheet which based on our limited review, is not consistently used and/or reviewed and approved at a supervisory level

**Management's Response and Planned Corrective Action**

Management concurs with this finding. **The School** maintains a daily sign-in sheet of all employees. This sheet was reviewed daily by the **School** Secretary and bi-weekly by the Office Manager and Operations Manager.

**Procedure**

14. Obtain a listing of employment contracts/agreements in force during the year ended June 30, 2012. Select the largest (dollar amount) employment contract and determine if all payments issued during the year ended June 30, 2012 were done in strict accordance with the terms and conditions of the contract.

**Finding**

Noted that payments issued during the year for the largest employment contract were done in accordance with the associated contract.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

***Payroll and Personnel, Continued***

**Procedure**

15. Select the attendance and leave records for one pay period and:

Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.).

Determine if supervisors are approving, in writing the attendance and leave of all employees.

Determine if **the School** is maintaining accurate written leave records (e.g. hours earned, hours used, and balance available) on all eligible employees

**Finding**

For the October 2011 pay period judgementally selected, we noted no maintenance of daily attendance and leave records.

**Management's Response and Planned Corrective Action**

Management concurs with this finding. **The School** maintains a daily sign-in sheet of all employees. This sheet was reviewed daily by **the School** Secretary and bi-weekly by the Office Manager and Operations Manager.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Payroll and Personnel, Continued**

**Procedure**

16. Select the five highest paid employees and determine if changes made to their hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

**Finding**

Pursuant to R.S. 17:421.8 effective for the 2001-2002 school year and thereafter a full-time school counselor who holds a valid Louisiana counseling credential approved and issued by BESE and a National Board for Certified Counselors and employed by a school board to provide services to students shall receive in addition to an annual salary, \$5,000 which additional amount is to be distributed in the same manner as the annual salary.

In one (1) instance, the School had no written evidence on file to support payment of \$5,000 to a social worker. Based on discussion with management, we were provided with a copy of the credential issued by the Louisiana State Board of Social Work Examiners for the social worker. Furthermore, the School's policy states "As part of the budget process, the Broadmoor Charter School Board will review and approve their employee's annual compensation....." "In addition, a salaried employee pay schedule will be drafted for board approval "

**Management's Response and Planned Corrective Action**

At the discretion of management, the School social worker performs such a similar and necessary function as the School counselor that is not prudent nor equitable to pay a legally required stipend to one individual and not another.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

***Payroll and Personnel, Continued***

**Procedure**

17. Select the five (5) largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by documentation, made in strict accordance with policy and/or contract, and properly approved.

**Finding**

In all five (5) instances, we were unable to obtain evidence to support the leave hours paid to the terminated employees.

**Management's Response and Planned Corrective Action**

Management concurs with this finding and will develop applicable policies to prevent reoccurrence.

**Procedure**

18. Determine if any employees were also being paid as contract labor during the period of the examination.

**Finding**

None noted.



**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

We were not engaged to perform, and did not perform, an audit, 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 School** 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.

This agreed-upon procedures engagement was performed in accordance with attestation 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 this report. Consequently, we make no representation regarding the sufficiency of the procedures previously described either for the purpose for which this report has been requested or for any other purposes.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 31, 2012

**BROADMOOR CHARTER SCHOOL BOARD, INC.**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
ON  
PERFORMANCE AND STATISTICAL DATA  
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**

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To the Board of Directors  
**Broadmoor Charter School Board, Inc.**  
New Orleans, Louisiana

We have performed the procedures enumerated below as required by State of Louisiana R.S. 24:514 and listed in the Louisiana Governmental Audit Guide.

The procedures were agreed to by management of **Broadmoor Charter School Board, Inc. (the School)** and the Legislative Auditor for the State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data 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. This agreed-upon 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 following procedures described either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS**

Our procedures performed, our findings and management's response as applicable follow:

***General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources (SCHEDULE 1)***

**Procedure**

- 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; and
  - Total General Fund Equipment Expenditures

**Finding**

The results of our procedures performed on selected transactions revealed no exceptions.

***Education Levels of Public School Staff (SCHEDULE 2)***

**Procedure**

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (SCHEDULE 4) to the combined total number of full-time classroom teachers per this schedule and to the School's supporting payroll records as of September 30, 2011

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

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

**Finding**

The original Schedules 2 and 4 provided to us by the School were incorrect as to the total number of full-time classroom teachers on September 30, 2011. The Schedules reflected full-time classroom teachers of forty-two (42) versus the corrected count of thirty-eight (38) full-time classroom teachers per payroll records provided to us.

**Management's Response and Planned Corrective Action**

Management concurs with this finding. Management will revisit policies to prevent a reoccurrence

**Procedure**

- 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

**Finding**

We noted no differences between Schedules 2 and 4 for the combined total of principals and assistant principals.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

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

**Procedure**

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of September 30, 2011 and as reported on the schedule. We traced a random sample of 25 teachers to their individual personnel file and determined if the individual's education level was properly classified on the schedule.

**Finding**

We noted based on our tracing of the sampled teachers to their respective personnel files, one (1) instance in which the education level as evidenced in the teacher's personnel file differed from the number reported in the Profile of Educational Personnel (PEP).

**Management's Response and Planned Corrective Action**

Management concurs with is finding. Management will revisit policies to prevent a reoccurrence

**Number and Type of Public Schools (SCHEDULE 3)**

**Procedure**

5. We obtained a list of schools by type as reported on the "Number and Type of Public Schools" (SCHEDULE 3) and compared to schools and grade levels reports.

**Finding**

The School operates only one charter school, which includes grades K to 8th

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers**  
**(SCHEDULE 4)**

**Procedure**

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of September 30, 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.

**Finding**

We traced the sampled full-time teachers and principal by classification to their respective personnel file to ascertain the correct classification of experience noting in nineteen (19) instances variances between the experience as reported in PEP to the number in the respective personnel file

Further, in two (2) instances from the teachers sampled, we noted where certificate numbers for the referenced teachers were not listed in the PEP report.

**Management's Response and Planned Corrective Action**

Management concurs with this finding. Management will revisit policies to prevent a reoccurrence.

**Public School Staff Data (SCHEDULE 5)**

**Procedure**

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.



**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Public School Staff Data (SCHEDULE 5), Continued**

**Finding**

The submitted PEP report by the School, differed from Schedule 5 by two (2) teachers who were not properly classified as instructional. Based on our tracing of wages authorized via executed contracts on file and year to date payroll register to the report filed by the School, we noted in seventeen (17) instances where the contracted amount as reported in PEP varied from the amount reflected on the payroll register for the year ended June 30, 2012.

Further, for the payroll test month of October 2011, we noted in seventeen (17) of the twenty-five (25) teachers tested, no records to support leave payments.

**Management's Response and Planned Corrective Action**

Management concurs with this finding. Management will revisit policies to prevent a reoccurrence.

**Procedure**

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

**Finding**

No differences noted based on revised information provided

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Class Size Characteristics (SCHEDULE 6)**

**Procedure**

- 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 September 30, 2011 roll books for those classes and determined if the class was properly classified on the Schedule.

**Finding**

For the sample of ten (10) classes selected, we were unable to test the classroom size at September 30, 2011 to Schedule 6 as the School was unable to provide information to facilitate a matching of the classes to the Schedule 6.

**Management's Response and Planned Corrective Action**

Management concurs with this finding. As is common practice amongst schools, students were moved to different classrooms throughout the school year due to academic and behavioral concerns. All classroom moves involved students moving to a different teacher within the same grade. Grade level counts remained constant throughout the school year.

**Louisiana Educational Assessment Program (LEAP) (SCHEDULE 7)**

**Procedure**

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

**Finding**

No differences noted in the reported scores.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Graduation Exit Examination (GEE) (SCHEDULE 8)**

**Procedure**

11. We did not obtain test scores as provided by the testing authority and reconcile scores as reported by the testing authority to scores reported in the schedule by **the School**.

**Finding**

This procedure was not applicable because **the School** operates only one charter school, which includes grades K to 8th.

**The Iowa and iLEAP Tests Examination (GEE) (SCHEDULE 9)**

**Procedure**

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 School**

**Finding**

No differences noted in the reported scores

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

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, Board of Directors, 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.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 31, 2012

**Broadmoor Charter School Board, Inc.**  
**New Orleans, Louisiana**

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

**General Fund Instructional and Equipment Expenditures**

<b>Teacher and Student Interaction Services</b>		
Classroom Teacher Salaries	\$ 2,335,837	
Other Instructional Staff Activities	7,053	
Instructional Staff Employee Benefits	567,250	
Purchase Professional and Technical Services	270,000	
Instructional Materials and Supplies	214,295	
Instructional Equipment	<u>29,367</u>	
Total Teacher and Student Interaction Services		\$ 3,423,802
Other Instructional Activities		0
Pupil Support Services	176,971	
Less Equipment for Pupil Support Services	<u>0</u>	
Net Pupil Support Services		176,971
Instructional Staff Services	420	
Less Equipment for Instructional Staff Services	<u>0</u>	
Net Instructional Staff Services		420
School Administration	765,282	
Less Equipment for School Administration	<u>0</u>	
Net School Administration		<u>765,282</u>
Total General Fund Instructional Expenditures		\$ <u>4,366,475</u>
Total General Fund Equipment Expenditures		\$ <u>0</u>
<b>Certain Local Revenue Sources</b>		
Local Taxation Revenue	\$ 0	
Constitutional Ad Valorem Taxes	0	
Renewable Ad Valorem Taxes	0	
Debt Service Ad Valorem Taxes	0	
Up to 1% of Collections by the Sheriff on taxes other than School Taxes	0	
Sales and Use Taxes	<u>0</u>	
Total Local Revenue Sources		\$ <u>0</u>
Local Earnings on Investments in Real Property		
Earnings from 16th Section Property	\$ 0	
Earnings from Other Real Property	<u>0</u>	
Total Local Earnings on Investment in Real Property		\$ <u>0</u>
State Revenue in Lieu of Taxes		
Revenue Sharing - Constitutional Taxes	\$ 0	
Revenue Sharing - Other Taxes	0	
Revenue Sharing - Excess Portion	0	
Other Revenue in Lieu of Taxes	<u>0</u>	
Total State Revenue in Lieu of Taxes		\$ <u>0</u>

See accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures

**Broadmoor Charter School Board, Inc.**  
**New Orleans, Louisiana**

**Education Levels of Public School Staff**  
**As of September 30, 2011**

**Schedule 2**

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	0	0 0%	0	0 0%	0	0 0%	0	0 0%
Bachelor's Degree	16	64 0%	13	100 0%	0	0 0%	0	0 0%
Master's Degree	8	32 0%	0	0 0%	1	100 0%	0	0 0%
Master's Degree + 30	1	4 0%	0	0 0%	0	0 0%	0	0 0%
Specialist in Education	0	0 0%	0	0 0%	0	0 0%	0	0 0%
Ph D or Ed D	0	0 0%	0	0 0%	0	0 0%	0	0 0%
<b>Total</b>	<b>25</b>	<b>100 0%</b>	<b>13</b>	<b>100 0%</b>	<b>1</b>	<b>100 0%</b>	<b>0</b>	<b>0 0%</b>

See accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures

**Broadmoor Charter School Board, Inc.**  
**New Orleans, Louisiana**

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

**Schedule 3**

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

See accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures

**Broadmoor Charter School Board, Inc  
New Orleans, Louisiana**

**Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers  
As of September 30, 2011**

**Schedule 4**

	0-1 Yr	2-3 Yrs	4-10 Yrs	11-14 Yrs	15-19 Yrs	20-24 Yrs	25+ Yrs.	Total
Assistant Principals	0	0	0	0	0	0	0	0
Principals	0	0	0	0	0	1	0	1
Classroom Teachers	7	3	14	3	2	3	6	38
Total	7	3	14	3	2	4	6	39

See accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures



**Broadmoor Charter School Board, Inc.  
New Orleans, Louisiana**

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

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC and Rehired Retirees</b>
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	\$ 48,544.38	\$ 47,595.21
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	47,048.61	46,137.88
<b>Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries</b>	39	37

See accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures.

**Broadmoor Charter School Board, Inc**  
**New Orleans, Louisiana**

**Class Size Characteristics**  
**September 30, 2011**

	Class Size Range							
	1-20		21-26		27-33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	19%	25	75%	100	7%	9	0%	
Elementary Activity Classes	17%	10	81%	47	2%	1	0%	
Middle/Jr. High	0%		0%		0%		0%	
Middle/Jr High Activity Classes	0%		0%		0%		0%	
High	0%		0%		0%		0%	
High Activity Classes	0%		0%		0%		0%	
Combination	19%	25	75%	100	7%	9	0%	0
Combination Activity Classes	17%	10	81%	47	2%	1	0%	0

See accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures

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

District Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	4	5.56%	1	1.14%	0	0.00%	2	2.74%	1	1.14%	0	0.00%
Mastery	6	8.33%	5	5.68%	3	3.37%	12	16.44%	8	9.09%	3	3.37%
Basic	26	36.11%	40	45.45%	31	34.83%	39	53.42%	37	42.05%	33	37.08%
Approaching Basic	26	36.11%	29	32.95%	26	29.21%	15	20.55%	25	28.41%	30	33.71%
Unsatisfactory	10	13.89%	13	14.77%	29	32.58%	5	6.85%	17	19.32%	23	25.84%
Total	72	100.00%	88	100.00%	89	100.00%	73	100.00%	88	100.00%	89	100.00%

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	2	2.78%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mastery	3	4.17%	0	0.00%	1	1.12%	3	4.17%	0	0.00%	0	0.00%
Basic	25	34.72%	22	25.00%	14	15.73%	25	34.72%	29	32.95%	17	19.10%
Approaching Basic	26	36.11%	50	56.82%	46	51.69%	27	37.50%	31	35.23%	22	24.72%
Unsatisfactory	16	22.22%	16	18.18%	28	31.46%	17	23.61%	28	31.82%	50	56.18%
Total	72	100.00%	88	100.00%	89	100.00%	72	100.00%	88	100.00%	89	100.00%

District Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	1	2.63%	0	0.00%	Did not administer to 8th grade until 2011		0	0.00%	0	0.00%	Did not administer to 8th grade until 2011	
Mastery	5	13.16%	4	20.00%			1	2.70%	1	5.00%		
Basic	21	55.26%	15	75.00%			11	29.73%	13	65.00%		
Approaching Basic	9	23.68%	1	5.00%			15	40.54%	6	30.00%		
Unsatisfactory	2	5.26%	0	0.00%			10	27.03%	0	0.00%		
Total	38	100.00%	20	100.00%			37	100.00%	20	100.00%		

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0.00%	0	0.00%	Did not administer to 8th grade until 2011		0	0.00%	0	0.00%	Did not administer to 8th grade until 2011	
Mastery	0	0.00%	3	15.00%			0	0.00%	1	5.00%		
Basic	12	31.58%	10	50.00%			18	47.37%	12	60.00%		
Approaching Basic	18	47.37%	5	25.00%			9	23.68%	5	25.00%		
Unsatisfactory	8	21.05%	2	10.00%			11	28.95%	2	10.00%		
Total	38	100.00%	20	100.00%			38	100.00%	20	100.00%		

**Broadmoor Charter School Board, Inc.  
New Orleans, Louisiana**

**The Graduation Exit Examination  
For the Years Ended June 30, 2012, 2011, 2010**

District Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 10</b>												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
<b>Total</b>												

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 11</b>												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
<b>Total</b>												

See accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures

**Broadmoor Charter School Board, Inc.**  
**New Orleans, Louisiana**

**The iLEAP Tests**  
**For the Year Ended June 30, 2012**

**Schedule 9**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	3	4.55%	3	4.55%	1	1.52%	0	0.00%
Mastery	9	13.64%	8	12.12%	3	4.55%	6	9.23%
Basic	19	28.79%	19	28.79%	22	33.33%	25	38.46%
Approaching Basic	20	30.30%	20	30.30%	29	43.94%	11	16.92%
Unsatisfactory	15	22.73%	16	24.24%	11	16.67%	23	35.38%
<b>Total</b>	<b>66</b>	<b>100.00%</b>	<b>66</b>	<b>100.00%</b>	<b>66</b>	<b>100.00%</b>	<b>65</b>	<b>100.00%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	0	0.00%	0	0.00%	0	0.00%	1	1.75%
Mastery	2	3.51%	2	3.51%	1	1.75%	3	5.26%
Basic	23	40.35%	36	63.16%	25	43.86%	29	50.88%
Approaching Basic	20	35.09%	9	15.79%	27	47.37%	14	24.56%
Unsatisfactory	12	21.05%	10	17.54%	4	7.02%	10	17.54%
<b>Total</b>	<b>57</b>	<b>100.00%</b>	<b>57</b>	<b>100.00%</b>	<b>57</b>	<b>100.00%</b>	<b>57</b>	<b>100.00%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	0	0.00%	0	0.00%	0	0.00%	2	2.99%
Mastery	4	5.97%	6	8.96%	4	5.97%	2	2.99%
Basic	23	34.33%	38	56.72%	27	40.30%	29	43.28%
Approaching Basic	23	34.33%	12	17.91%	24	35.82%	27	40.30%
Unsatisfactory	17	25.37%	11	16.42%	12	17.91%	7	10.45%
<b>Total</b>	<b>67</b>	<b>100.00%</b>	<b>67</b>	<b>100.00%</b>	<b>67</b>	<b>100.00%</b>	<b>67</b>	<b>100.00%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mastery	4	8.70%	3	6.52%	1	2.17%	3	6.52%
Basic	26	56.52%	20	43.48%	25	54.35%	23	50.00%
Approaching Basic	14	30.43%	15	32.61%	18	39.13%	16	34.78%
Unsatisfactory	2	4.35%	8	17.39%	2	4.35%	4	8.70%
<b>Total</b>	<b>46</b>	<b>100.00%</b>	<b>46</b>	<b>100.00%</b>	<b>46</b>	<b>100.00%</b>	<b>46</b>	<b>100.00%</b>

See accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures

**Broadmoor Charter School Board, Inc  
New Orleans, Louisiana**

**The iLEAP Tests  
For the Year Ended June 30, 2011**

**Schedule 9**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	1	1.30%	2	2.60%	0	0.00%	1	1.30%
Mastery	10	12.99%	6	7.79%	3	3.90%	5	6.49%
Basic	27	35.06%	22	28.57%	22	28.57%	27	35.06%
Approaching Basic	29	37.66%	21	27.27%	30	38.96%	30	38.96%
Unsatisfactory	10	12.99%	26	33.77%	22	28.57%	14	18.18%
<b>Total</b>	<b>77</b>	<b>100.00%</b>	<b>77</b>	<b>100.00%</b>	<b>77</b>	<b>100.00%</b>	<b>77</b>	<b>100.00%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	0	0.00%	1	1.82%	0	0.00%	0	0.00%
Mastery	1	1.82%	1	1.82%	0	0.00%	0	0.00%
Basic	23	41.82%	22	40.00%	9	16.36%	12	21.82%
Approaching Basic	22	40.00%	17	30.91%	25	45.45%	25	45.45%
Unsatisfactory	9	16.36%	14	25.45%	21	38.18%	18	32.73%
<b>Total</b>	<b>55</b>	<b>100.00%</b>	<b>55</b>	<b>100.00%</b>	<b>55</b>	<b>100.00%</b>	<b>55</b>	<b>100.00%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mastery	6	11.32%	0	0.00%	2	3.77%	5	9.43%
Basic	33	62.26%	22	41.51%	33	62.26%	28	52.83%
Approaching Basic	11	20.75%	12	22.64%	17	32.08%	14	26.42%
Unsatisfactory	3	5.66%	19	35.85%	1	1.89%	6	11.32%
<b>Total</b>	<b>53</b>	<b>100.00%</b>	<b>53</b>	<b>100.00%</b>	<b>53</b>	<b>100.00%</b>	<b>53</b>	<b>100.00%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mastery	1	2.50%	1	2.50%	1	2.50%	1	2.50%
Basic	29	72.50%	15	37.50%	19	47.50%	27	67.50%
Approaching Basic	10	25.00%	16	40.00%	15	37.50%	7	17.50%
Unsatisfactory	0	0.00%	8	20.00%	5	12.50%	5	12.50%
<b>Total</b>	<b>40</b>	<b>100.00%</b>	<b>40</b>	<b>100.00%</b>	<b>40</b>	<b>100.00%</b>	<b>40</b>	<b>100.00%</b>

See accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures

**Broadmoor Charter School Board, Inc.**  
**New Orleans, Louisiana**

**The iLEAP Tests**  
**For the Year Ended June 30, 2010**

**Schedule 9**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	0	0.00%	1	1.25%	0	0.00%	0	0.00%
Mastery	3	3.75%	4	5.00%	0	0.00%	1	1.25%
Basic	24	30.00%	20	25.00%	18	22.50%	24	30.00%
Approaching Basic	28	35.00%	30	37.50%	40	50.00%	25	31.25%
Unsatisfactory	25	31.25%	25	31.25%	22	27.50%	30	37.50%
<b>Total</b>	<b>80</b>	<b>100.00%</b>	<b>80</b>	<b>100.00%</b>	<b>80</b>	<b>100.00%</b>	<b>80</b>	<b>100.00%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mastery	3	4.76%	3	4.76%	0	0.00%	0	0.00%
Basic	24	38.10%	25	39.68%	25	39.68%	32	50.79%
Approaching Basic	22	34.92%	12	19.05%	32	50.79%	17	26.98%
Unsatisfactory	14	22.22%	23	36.51%	6	9.52%	14	22.22%
<b>Total</b>	<b>63</b>	<b>100.00%</b>	<b>63</b>	<b>100.00%</b>	<b>63</b>	<b>100.00%</b>	<b>63</b>	<b>100.00%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	1	2.04%	0	0.00%	0	0.00%	0	0.00%
Mastery	3	6.12%	4	8.16%	2	4.08%	1	2.04%
Basic	26	53.06%	17	34.69%	23	46.94%	23	46.94%
Approaching Basic	13	26.53%	10	20.41%	14	28.57%	16	32.65%
Unsatisfactory	6	12.24%	18	36.73%	10	20.41%	9	18.37%
<b>Total</b>	<b>49</b>	<b>100.00%</b>	<b>49</b>	<b>100.00%</b>	<b>49</b>	<b>100.00%</b>	<b>49</b>	<b>100.00%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Mastery	0	0.00%	1	4.76%	1	4.76%	0	0.00%
Basic	11	52.38%	10	47.62%	11	52.38%	10	47.62%
Approaching Basic	7	33.33%	7	33.33%	7	33.33%	10	47.62%
Unsatisfactory	3	14.29%	3	14.29%	2	9.52%	1	4.76%
<b>Total</b>	<b>21</b>	<b>100.00%</b>	<b>21</b>	<b>100.00%</b>	<b>21</b>	<b>100.00%</b>	<b>21</b>	<b>100.00%</b>

See accompanying Independent Accountants' Report on Applying Agreed-Up Procedures