

**THE EINSTEIN GROUP, INC.
D/B/A EINSTEIN CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Annual Financial Statements

June 30, 2012

Contents

Independent Auditor's Report	1 - 2
-------------------------------------	-------

Financial Statements

Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

Independent Accountant's Report on Applying Agreed-Upon Procedures	11 - 14
---	---------

Schedules Required by Louisiana State Law (R.S. 24:514 - Performance and Statistical Data)	15
---	----

	Schedule	
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	16
Education Levels of Public School Staff	2	17
Number and Type of Public Schools	3	18
Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers	4	19
Public School Staff Data	5	20
Class Size Characteristics	6	21
Louisiana Educational Assessment Program (LEAP)	7	22
Graduation Exit Exam	8	23
iLEAP Test Results	9	24

Supplemental Information

Schedule of Board of Directors	26
--------------------------------	----

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27 - 28
--	---------

Contents (Continued)

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	29 - 30
--	---------

Schedule of Expenditures of Federal Awards	31
---	----

Schedule of Findings and Questioned Costs	32 - 33
--	---------

Schedule of Prior Year Findings and Questioned Costs	34
---	----



LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

Independent Auditor's Report

To the Board of Directors
The Einstein Group, Inc.
New Orleans, Louisiana

We have audited the accompanying statement of financial position of The Einstein Group, Inc., d/b/a Einstein Charter School (the School) 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2012, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

An Independently Owned Member, McGladrey Alliance

The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

The Performance and Statistical Data included as Schedules 1 through 9, are not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report On Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the School taken as a whole. The accompanying schedule of board of directors is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedules of board of directors and expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

August 10, 2012

**THE EINSTEIN GROUP, INC.
D/B/A EINSTEIN CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Financial Position
June 30, 2012**

Assets

Current Assets

Cash and Cash Equivalents	\$ 1,616,657
Grants Receivable	<u>265,770</u>

Total Current Assets 1,882,427

Fixed Assets

Furniture and Equipment	257,672
Accumulated Depreciation	<u>(184,343)</u>

Total Fixed Assets, Net 73,329

Total Assets \$ 1,955,756

Liabilities and Net Assets

Current Liabilities

Accrued Liabilities	<u>\$ 197,211</u>
---------------------	-------------------

Total Current Liabilities 197,211

Net Assets

Unrestricted	<u>1,758,545</u>
--------------	------------------

Total Net Assets 1,758,545

Total Liabilities and Net Assets \$ 1,955,756

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

**THE EINSTEIN GROUP, INC.
D/B/A EINSTEIN CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2012**

	Unrestricted
Revenue, Grants and Other Support	
State Public School Funding	\$ 3,634,884
Federal Grants	664,010
Other Income	<u>234,355</u>
Total Revenue, Grants and Other Support	<u>4,533,249</u>
Expenses	
Program Services	
Regular Education Programs	1,957,724
Special Programs	466,523
School Administration	352,251
Special Education Programs	310,681
Operation and Maintenance	304,616
Pupil Support Services	263,702
Other Instructional Programs	260,738
Instructional Staff Services	100,101
Depreciation	41,158
Management and General	
Central Services	277,024
Business Services	128,004
General Administration	<u>70,555</u>
Total Expenses	<u>4,533,077</u>
Change in Net Assets	172
Net Assets, Beginning of Year	<u>1,758,373</u>
Net Assets, End of Year	<u><u>\$ 1,758,545</u></u>

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

**THE EINSTEIN GROUP, INC.
D/B/A EINSTEIN CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2012**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 172
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	41,158
Decrease in Grants Receivable	35,593
Increase in Accrued Liabilities	<u>136,459</u>
Total Adjustments	<u>213,210</u>
Net Cash Provided by Operating Activities	<u>213,382</u>
Net Increase in Cash and Cash Equivalents	213,382
Cash and Cash Equivalents, Beginning of Year	<u>1,403,275</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,616,657</u></u>

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

**THE EINSTEIN GROUP, INC.
D/B/A EINSTEIN CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The Einstein Group, Inc. was created as a non-profit corporation under the laws of the State of Louisiana on January 27, 2004. The Corporation applied to the Orleans Parish School Board to operate a Type I charter school. The Corporation does business as Einstein Charter School (the School). On October 12, 2004, the Orleans Parish School Board approved the charter of The Einstein Group, Inc. to create the Einstein Charter School. In July 2011, the School received a 5 year extension of the charter. The School serves eligible students in pre-kindergarten through eighth grade.

The School leases its building rent free from the Louisiana Recovery School District.

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Statement Presentation

The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of the *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions, for which the restriction is met in the same year, are classified as unrestricted.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Revenues

The School's primary source of funding is through the State Public School Funding and the Orleans Parish School Board which made up 81% of its funding. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

**THE EINSTEIN GROUP, INC.
D/B/A EINSTEIN CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fixed Assets and Depreciation

Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Income Taxes

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations

The School received 81% of its revenues in the year ended June 30, 2012, from the State of Louisiana, subject to its charter school contract with the State, and 15% of its funding from the federal government.

As noted earlier, the School is leasing its building from the Louisiana Recovery School District rent free. Should this lease not be extended further, it would have an unfavorable impact to the School.

Note 2. Cash and Cash Equivalents

The School's cash and cash equivalents (book balances) at June 30, 2012, were \$1,616,657, which are stated at cost and approximate market.

The School periodically maintains cash in bank accounts in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**THE EINSTEIN GROUP, INC.
D/B/A EINSTEIN CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 3. Grants Receivable

As of June 30, 2012, grants receivable totaled \$265,770, which is a combination of state and federal grants passed through the Orleans Parish School Board. This receivable has been discounted based on management's experience with the collection of grants from the Orleans Parish School Board. However, the stated balance is considered to be fully collectible.

Note 4. Fixed Assets

Depreciation expense for the year ended June 30, 2012, was \$41,158. Depreciation is calculated using the straight-line method with useful lives of 5 years.

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

Note 5. Accrued Liabilities

As of June 30, 2012, the School has recorded accrued liabilities of \$197,211. Of this amount, \$127,079 is accrued for teachers' retirement which was accrued for the entire last month of the fiscal year, but not paid until the subsequent month. The remaining \$70,132 is for employee salaries and other related employee benefits.

Note 6. Retirement Plan

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

**THE EINSTEIN GROUP, INC.
D/B/A EINSTEIN CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 6. Retirement Plan (Continued)

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the majority of the year ending June 30, 2012, the employer contribution rate was 23.70%. The current rate, which was effective June 25, 2012, is 24.50% of annual eligible covered payroll. The employer contribution rate for the years ended June 30, 2011 and 2010 were 20.20% and 15.50%, respectively. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the years ended June 30, 2012, 2011 and 2010, were \$639,557, \$543,013 and \$411,514, respectively, which is equal to the required contribution.

Note 7. Uncertain Income Taxes

The School's 2008, 2009 and 2010 tax returns were filed appropriately. As of August 10, 2012, the School had not filed their 2011 tax return. The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The School's tax filings are subject to audit by various taxing authorities. The School's open audit periods are 2008 through 2010. Management has evaluated the School's tax position and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Note 8. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 10, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
The Einstein Group, Inc.
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of The Einstein Group, Inc. (the School) and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of The Einstein Group, Inc. and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings that relate to the accompanying schedules of supplemental information are as follows:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

Findings:

None

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers” (Schedule 4) to the combined total number of full time classroom teachers per this schedule and to School supporting payroll records as of October 1st.
3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals and full time classroom teachers by classification as of October 1st and as reported on the schedule. We traced 25 of the teachers to the individual’s personnel file to determine if the individual’s education level was properly classified on the schedule.

Findings:

None

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Findings:

None

Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers (Schedule 4)

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

Findings:

None

Public School Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation and ROTC or rehired retiree status as well as full time equivalents 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.
8. We recalculated the average salaries and full time equivalents reported on the schedule.

Findings:

None

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

Findings:

None

Graduation Exit Exam (Schedule 8)

11. Not applicable.

iLEAP Test Results (Schedule 9)

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

Findings:

None

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of The Einstein Group, Inc., the Orleans Parish School Board, 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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

August 10, 2012

THE EINSTEIN GROUP, INC.
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2012

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

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

Schedule 2 - Education Levels of Public School Staff

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

Schedule 3 - Number and Type of Public Schools

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

Schedule 4 - Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers

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

Schedule 5 - Public School Staff Data

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

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33 and 34+ students.

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

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

Schedule 8 - Graduation Exit Exam

Not applicable.

Schedule 9 - iLEAP Test Results

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

**THE EINSTEIN GROUP, INC.
NEW ORLEANS, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2012**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 1,259,812
Other Instructional Staff Salaries	419,703
Instructional Staff Employee Benefits	684,381
Purchased Professional and Technical Services	4,900
Instructional Materials and Supplies	76,207
Instructional Equipment	-

Total Teacher and Student Interaction Activities \$ 2,445,003

Other Instructional Activities 889

Pupil Support Services	200,907
Less: Equipment for Pupil Support Services	-

Net Pupil Support Services 200,907

Instructional Staff Services	7,505
Less: Equipment for Instructional Staff Services	-

Net Instructional Staff Services 7,505

School Administration	345,833
Less: Equipment for School Administration	-

Net School Administration 345,833

Total General Fund Instructional Expenditures \$ 3,000,137

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-

Total Local Taxation Revenue \$ -

Local Earnings on Investment in Real Property

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-

Total Local Earnings on Investment in Real Property \$ -

State Revenue in Lieu of Taxes

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-

Total State Revenue in Lieu of Taxes \$ -

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

See independent accountant's report on applying agreed-upon procedures.

THE EINSTEIN GROUP, INC.
NEW ORLEANS, LOUISIANA
Education Levels of Public School Staff
As of October 1, 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								
Bachelor's Degree	20	74%	3	75%				
Master's Degree	5	18%	1	25%	2	100%		
Master's Degree +30	1	4%						
Specialist in Education								
Ph. D. or Ed. D.	1	4%						
Total	27	100%	4	100%	2	100%	0	0%

See independent accountant's report on applying agreed-upon procedures.

**THE EINSTEIN GROUP, 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 independent accountant's report on applying agreed-upon procedures.

THE EINSTEIN GROUP, INC.
NEW ORLEANS, LOUISIANA
Experience of Public Principals, Assistant Principals
and Full Time Classroom Teachers
As of October 1, 2011

Schedule 4

	0 - 1 Yr.	2 - 3 Yrs.	4 -10 Yrs.	11 - 14 Yrs.	15 -19 Yrs.	20 - 24 Yrs.	25+ Yrs.	Total
Principals					1	1		2
Classroom Teachers	8	5	4	1	2	1	10	31
Total	8	5	4	1	3	2	10	33

See independent accountant's report on applying agreed-upon procedures.

**THE EINSTEIN GROUP, INC.
 NEW ORLEANS, LOUISIANA
 Public School Staff Data
 For the Year Ended June 30, 2012**

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	\$54,808	\$54,808
Average Classroom Teachers Salary Excluding Extra Compensation	\$54,484	\$54,484
Number of Teacher Full Time Equivalent (FTEs) Used in Computation of Average Salaries	30.93	30.93

See independent accountant's report on applying agreed-upon procedures.

THE EINSTEIN GROUP, INC.
NEW ORLEANS, LOUISIANA
Class Size Characteristics
As of October 1, 2011

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	52%	13	36%	9	12%	3		

See independent accountant's report on applying agreed-upon procedures.

THE EINSTEIN GROUP, INC.
NEW ORLEANS, LOUISIANA
Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2012

Schedule 7

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies											
	2012		2011		2010		2012		2011		2010		2012		2011		2010		2012		2011		2010							
Students	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%						
Grade 4																														
Advanced	4	8%	1	2%	0	0%	5	10%	4	7%	0	0%	2	4%	1	2%	1	2%	1	2%	0	0%	0	0%						
Mastery	10	20%	9	15%	6	13%	17	34%	17	28%	13	28%	7	14%	2	3%	4	9%	7	14%	4	7%	1	2%						
Basic	24	48%	33	55%	24	50%	22	44%	20	33%	21	44%	21	43%	28	47%	21	44%	25	52%	40	68%	29	61%						
Approaching Basic	10	20%	11	18%	13	28%	4	8%	9	15%	7	15%	17	35%	24	41%	17	36%	12	24%	12	20%	13	28%						
Unsatisfactory	2	4%	6	10%	4	9%	2	4%	10	17%	6	13%	2	4%	4	7%	4	9%	4	8%	3	5%	4	9%						
Total	50	100%	60	100%	47	100%	50	100%	60	100%	47	100%	49	100%	59	100%	47	100%	49	100%	59	100%	47	100%						

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies											
	2012		2011		2010		2012		2011		2010		2012		2011		2010		2012		2011		2010							
Students	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%						
Grade 8																														
Advanced	1	3%	3	7%	2	5%	6	15%	6	14%	4	9%	3	8%	0	0%	0	0%	4	11%	0	0%	0	0%						
Mastery	9	24%	8	20%	4	9%	2	5%	8	20%	5	11%	7	19%	3	7%	7	16%	5	14%	1	2%	3	7%						
Basic	19	51%	22	54%	24	54%	25	69%	19	46%	25	57%	17	46%	20	49%	17	39%	21	56%	26	64%	22	50%						
Approaching Basic	7	19%	7	17%	8	18%	3	8%	6	15%	6	14%	8	22%	15	37%	16	36%	6	16%	12	29%	9	20%						
Unsatisfactory	1	3%	1	2%	6	14%	1	3%	2	5%	4	9%	2	5%	3	7%	4	9%	1	3%	2	5%	10	23%						
Total	37	100%	41	100%	44	100%	37	100%	41	100%	44	100%	37	100%	41	100%	44	100%	37	100%	41	100%	44	100%						

See independent accountant's report on applying agreed-upon procedures.

The School is an elementary school; therefore, this schedule does not apply.

See independent accountant's report on applying agreed-upon procedures.

THE EINSTEIN GROUP, INC.
NEW ORLEANS, LOUISIANA
iLEAP Test Results
For the Year Ended June 30, 2012

Schedule 9

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2012		2011		2010		2012		2011		2010		2012		2011		2010		2012		2011		2010	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 3																								
Advanced	1	2%	2	5%	0	0%	4	8%	3	7%	0	0%	1	2%	1	2%	0	0%	0	0%	0	0%	0	0%
Mastery	11	21%	5	12%	10	17%	9	17%	3	7%	6	11%	8	14%	4	9%	4	7%	9	17%	6	14%	3	5%
Basic	22	42%	22	51%	23	40%	24	45%	25	58%	20	34%	29	55%	20	47%	22	38%	25	47%	22	51%	24	41%
Approaching Basic	14	26%	11	25%	13	22%	11	21%	6	14%	20	34%	12	23%	14	33%	22	38%	12	23%	13	30%	21	37%
Unsatisfactory	5	9%	3	7%	12	21%	5	9%	6	14%	12	21%	3	6%	4	9%	10	17%	7	13%	2	5%	10	17%
Total	53	100%	43	100%	58	100%	53	100%	43	100%	58	100%	53	100%	43	100%	58	100%	53	100%	43	100%	58	100%

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2012		2011		2010		2012		2011		2010		2012		2011		2010		2012		2011		2010	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 5																								
Advanced	0	0%	0	0%	0	0%	3	6%	3	7%	1	2%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Mastery	4	8%	4	9%	5	12%	2	4%	4	9%	6	15%	1	2%	6	14%	5	12%	3	6%	6	14%	1	2%
Basic	30	63%	25	58%	21	51%	19	40%	21	49%	23	56%	22	46%	21	49%	23	56%	24	50%	20	47%	27	66%
Approaching Basic	12	25%	12	28%	11	27%	13	27%	12	28%	5	12%	22	46%	11	25%	8	20%	8	17%	10	23%	8	20%
Unsatisfactory	2	4%	2	5%	4	10%	11	23%	3	7%	6	15%	3	6%	5	12%	5	12%	13	27%	7	16%	5	12%
Total	48	100%	43	100%	41	100%	48	100%	43	100%	41	100%	48	100%	43	100%	41	100%	48	100%	43	100%	41	100%

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2012		2011		2010		2012		2011		2010		2012		2011		2010		2012		2011		2010	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 6																								
Advanced	0	0%	1	2%	3	7%	2	4%	2	5%	1	2%	1	2%	0	0%	1	2%	3	7%	7	16%	2	4%
Mastery	9	20%	13	31%	10	22%	5	11%	7	16%	8	18%	5	11%	8	18%	8	18%	4	9%	6	14%	5	11%
Basic	23	51%	20	45%	24	52%	29	65%	22	49%	25	54%	24	53%	23	52%	20	43%	24	53%	15	34%	25	54%
Approaching Basic	11	25%	9	20%	8	17%	6	13%	6	14%	10	22%	11	25%	11	25%	16	35%	9	20%	12	27%	10	22%
Unsatisfactory	2	4%	1	2%	1	2%	3	7%	7	16%	2	4%	4	9%	2	5%	1	2%	5	11%	4	9%	4	9%
Total	45	100%	44	100%	46	100%	45	100%	44	100%	46	100%	45	100%	44	100%	46	100%	45	100%	44	100%	46	100%

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2012		2011		2010		2012		2011		2010		2012		2011		2010		2012		2011		2010	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 7																								
Advanced	0	0%	5	13%	1	2%	2	4%	3	8%	5	10%	0	0%	1	3%	1	2%	0	0%	1	3%	2	4%
Mastery	9	22%	10	26%	10	21%	10	25%	7	18%	11	24%	8	20%	6	15%	8	17%	6	14%	9	23%	5	10%
Basic	24	60%	21	53%	27	56%	20	50%	21	53%	24	50%	22	55%	19	48%	23	48%	24	60%	20	51%	26	54%
Approaching Basic	7	18%	3	8%	7	15%	7	18%	7	18%	3	6%	10	25%	10	26%	12	25%	5	13%	6	15%	7	15%
Unsatisfactory	0	0%	0	0%	3	6%	1	3%	1	3%	5	10%	0	0%	3	8%	4	8%	5	13%	3	8%	8	17%
Total	40	100%	39	100%	48	100%	40	100%	39	100%	48	100%	40	100%	39	100%	48	100%	40	100%	39	100%	48	100%

See independent accountant's report on applying agreed-upon procedures.

SUPPLEMENTAL INFORMATION

**THE EINSTEIN GROUP, INC.
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2012**

Board Members

Compensation

Ryan Bennett, President
932 St. Ann Street
New Orleans, LA 70116
(504) 357-8186

\$-0-

Laurin Jacobson, Vice President
925 Hagan Avenue
New Orleans, LA 70119
(504) 701-6968

\$-0-

Susanna Evangilesta, Secretary
4916 Zenith Street, Apt. #323
Metairie, LA 70001
(504) 722-9382

\$-0-

Ramona Perkins
4648 Saint Roch Avenue
New Orleans, LA 70122
(504) 304-7384

\$-0-

Shawn Toranto, Principal/CEO
514 N Solomon Street
New Orleans, LA 70119
(504) 813-6816

\$-0-



LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

**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
The Einstein Group, Inc.
New Orleans, Louisiana

We have audited the financial statements of The Einstein Group, Inc. (the School) as of and for the year ended June 30, 2012, and have issued our report thereon dated August 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the 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 audit 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.

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

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

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

An Independently Owned Member, McGladrey Alliance

The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2012 - 1.

The School's response to the finding identified in our audit is included in the accompanying schedule of findings and questioned costs. 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 Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, the Orleans Parish School Board and federal 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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

August 10, 2012

**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
The Einstein Group, Inc.
New Orleans, Louisiana

Compliance

We have audited The Einstein Group, Inc.'s (the School) compliance 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 the School's major federal program for the year ended June 30, 2012. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program 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; 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.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

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 the 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.

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

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

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, the Orleans Parish School Board, and federal 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 Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

August 10, 2012

THE EINSTEIN GROUP, INC.
NEW ORLEANS, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Federal Expenditures
United States Department of Education (Passed through the Orleans Parish School Board)		
Title I Grants to Local Educational Agencies (Major Program)	84.010	\$ 360,404
Temporary Assistance for Needy Families (TANF)	93.558	141,991
Special Education Grants to States	84.027	71,580
Hurricane Educator Assistance Program	84.938K	64,176
Improving Teacher Quality State Grants	84.367	22,998
Hurricane Katrina Foreign Contributions Awards	84.940	<u>2,861</u>
Total		<u><u>\$ 664,010</u></u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1 - The schedule is prepared on the accrual basis of accounting.

**THE EINSTEIN GROUP, INC.
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section I. Summary of Audit Results

Financial Statements

1) Type of auditor's report	Unqualified
2) Internal control over financial reporting and compliance and other matters	
a) Material weaknesses identified	None
b) Significant deficiencies identified not considered to be material weaknesses	None
c) Noncompliance noted	Yes
3) Management letter comment provided	None

Federal Awards

4) Internal control over major program	
a) Material weaknesses identified	None
b) Significant deficiencies identified not considered to be material weaknesses	None
5) Type of auditor's report issued on compliance for major program	Unqualified
6) Audit findings disclosed that are required in accordance with OMB A-133, Section 510a	None
7) Identification of major program	
84.010 - Title I Grants to Local Educational Agencies	
8) Dollar threshold used to distinguish between Type A and B programs	\$300,000
9) Auditee qualified as a low-risk auditee under OMB A-133, Section 530	Yes

**THE EINSTEIN GROUP, INC.
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2012**

Section II. Internal Control Over Financial Reporting

2012 - 1 Lack of Written Board Minutes

Criteria:	Louisiana Revised Statute (LRS) 42:20 stipulates that public bodies shall keep written minutes of all of their open meetings.
Condition:	During our review of the minutes of board meetings, we noted inconsistencies in the recording of the proceedings of the formal Board meetings and subsequent approval of those minutes at the meeting the following month.
Cause:	The board appears to be inconsistent in the recording of the events of the open meetings and subsequent approval of the minutes at the meeting the following month.
Recommendation:	We recommend that the board Secretary prepare minutes of the monthly board meetings in a timely manner and present those minutes at the meeting the following month for approval.
Management's Response:	The School will comply with the requirements of LRS 42:20.

Section III. Findings and Questioned Costs Related to Major Federal Award Program

None.

THE EINSTEIN GROUP, INC
NEW ORLEANS, LOUISIANA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2012

None.