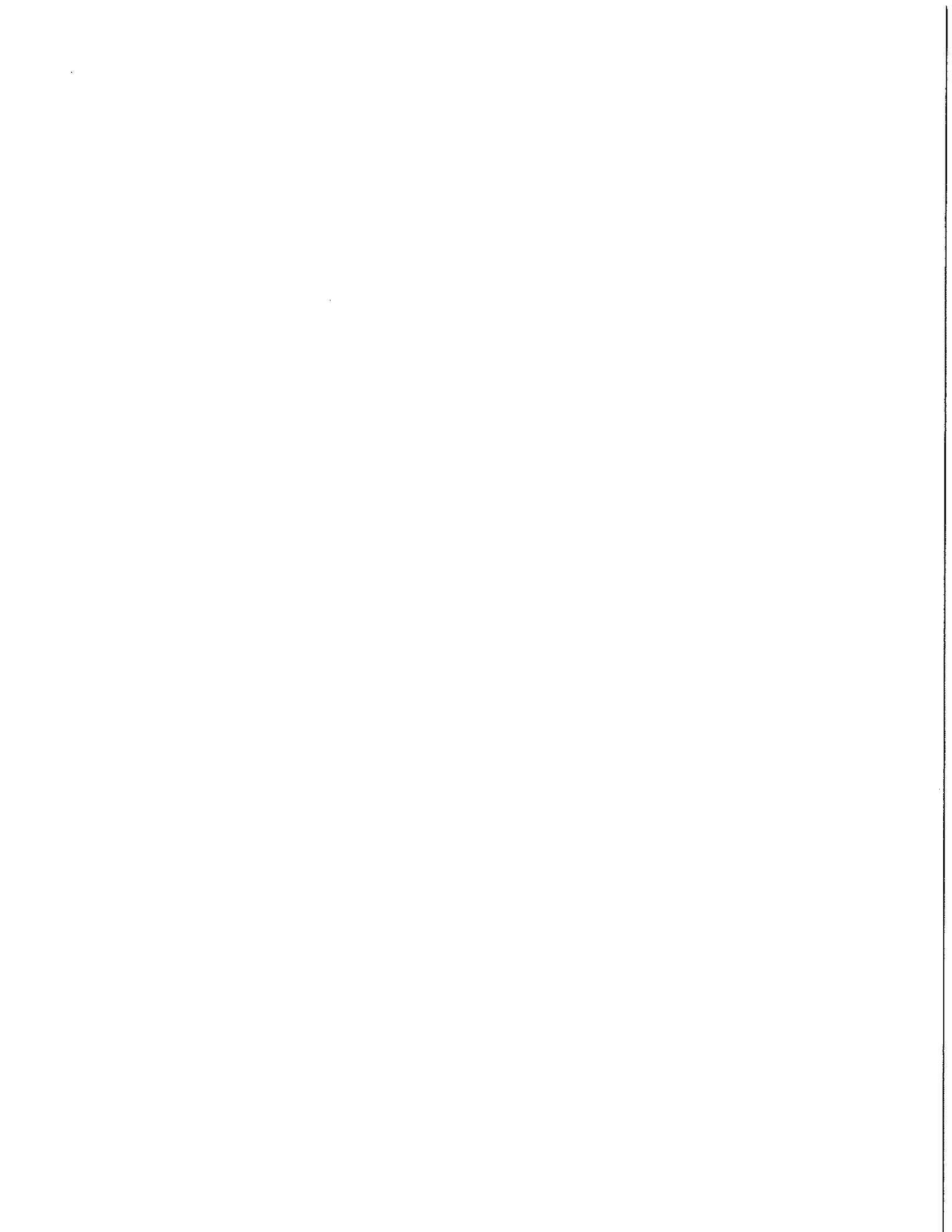


EXCELLENCE IN LEADERSHIP ACADEMY
AUDITED FINANCIAL STATEMENTS
FOR THE FIFTEEN MONTHS ENDED AUGUST 31, 2013



EXCELLENCE IN LEADERSHIP ACADEMY

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**Excellence in Leadership Academy
Certificate of Board**

Excellence in Leadership Academy
Name of Charter School

Hidalgo County
County

108-809
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named association were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2013 at a meeting of the Board of Directors on the 27th day of January, 2014.

Signature of Board Secretary

Signature of Board President

If the Board of Directors disapproved the auditors' report, the reason(s) for disapproving it is (are): (attach list as necessary)

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FINANCIAL SECTION

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Raul Hernandez & Company, P.C.

Certified Public Accountants
5422 Holly Rd.
Holly-Staples Square
Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Excellence in Leadership Academy (ELA)
Mission, Texas

We have audited the accompanying financial statements of Excellence in Leadership Academy(ELA) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2013, and the related statements of activities and cash flows for the fifteen months then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Excellence in Leadership Academy as of August 31, 2013, and the changes in its net assets and its cash flows for the fifteen months then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2014 on our consideration of the Excellence in Leadership Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and 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.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Excellence in Leadership Academy, taken as a whole. The other supplementary information is likewise presented for purposes of additional analysis and not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to financial statements, taken as a whole.

Raul Hernandez & Company, P.C.
Corpus Christi, TX
January 27, 2014

**Excellence in Leadership Academy
Statement of Financial Position
August 31, 2013**

Assets

Current assets:

| | |
|----------------------|----------|
| Cash in bank | \$ 3,380 |
| Due from state | 10,993 |
| Total Current Assets | 14,373 |

Fixed Assets:

| | |
|--------------------------------|---------|
| Furniture and Equipment | 23,318 |
| Less: Accumulated Depreciation | (3,331) |
| Property and Equipment, net | 19,987 |

Total Assets

\$ 34,360

Liabilities and Net Assets

Current liabilities:

| | |
|-----------------------------|-----------|
| Accounts payable | \$ 43,016 |
| Payroll liabilities payable | 25,660 |
| Accrued expenses | 1,220 |

| | |
|---------------------------|--------|
| Total Current Liabilities | 69,896 |
|---------------------------|--------|

| | |
|-------------------|--------|
| Total Liabilities | 69,896 |
|-------------------|--------|

Net assets:

| | |
|------------------------|----------|
| Unrestricted | - |
| Temporarily restricted | (35,536) |
| Total net assets | (35,536) |

Total Liabilities and Net Assets

\$ 34,360

See the accompanying notes to the financial statements.

**Excellence in Leadership Academy
Statement of Activities
For the Fifteen Months Ended August 31, 2013**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|--------------------|
| REVENUE AND OTHER SUPPORT | | | |
| Local Support | | | |
| 5740 Tuition and Afterschool | \$ - | \$ - | \$ - |
| 5744 Contributions | 215,258 | - | 215,258 |
| 5749 Other Revenues from Local Sources | 17,866 | - | 17,866 |
| 5750 Food Sales | 1,091 | - | 1,091 |
| 5755 Campus Activity | 4,315 | - | 4,315 |
| Total local support | <u>238,530</u> | <u>-</u> | <u>238,530</u> |
| State Program Revenues | | | |
| 5810 Foundation School Program | - | 424,341 | 424,341 |
| 5820 State Program Revenues Distributed by the Texas Education Agency | - | - | - |
| 5830 Revenues from Texas Government Agencies | - | - | - |
| Total State Program Revenue | <u>-</u> | <u>424,341</u> | <u>424,341</u> |
| Federal program revenues | | | |
| 5920 Federal Revenues Distributed by the Texas Education Agency | - | 73,569 | 73,569 |
| Total Federal Program Revenue | <u>-</u> | <u>73,569</u> | <u>73,569</u> |
| Net assets released from restrictions: | | | |
| Restrictions satisfied by payments | <u>497,565</u> | <u>(497,565)</u> | <u>-</u> |
| Total Revenue and Other Support | <u>736,095</u> | <u>345</u> | <u>736,440</u> |
| EXPENSES | | | |
| 11 Instruction | 346,830 | - | 346,830 |
| 12 Instructional Resources and Media Services | - | - | - |
| 13 Curriculum Development and Instructional Staff Development | 5,060 | - | 5,060 |
| 21 Instructional Leadership | - | - | - |
| 23 School Leadership | - | - | - |
| 31 Guidance, Counseling, and Evaluation | - | - | - |
| 33 Health Services | 400 | - | 400 |
| 35 Food Services | 45,988 | - | 45,988 |
| 36 Cocurricular/Extracurricular Activities | 3,970 | - | 3,970 |
| 41 General Administration | 257,286 | - | 257,286 |
| 51 Plant Maintenance and Operations | 101,631 | - | 101,631 |
| 52 Security and Monitoring Services | 10,811 | - | 10,811 |
| 53 Data Processing | - | - | - |
| 61 Community Services | - | - | - |
| 71 Debt | - | - | - |
| 81 Fund Raising | - | - | - |
| Total Expenses | <u>771,976</u> | <u>-</u> | <u>771,976</u> |
| CHANGE IN NET ASSETS | (35,881) | 345 | (35,536) |
| NET ASSETS BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> |
| NET ASSETS END OF YEAR | <u>\$ (35,881)</u> | <u>\$ 345</u> | <u>\$ (35,536)</u> |

See the accompanying notes to the financial statements.

**Excellence in Leadership Academy
Statement of Cash Flows
For the Fifteen Months Ended August 31, 2013**

| | |
|--|------------------------|
| Cash Flows From Operating Activities | |
| Change in Net Assets | \$ (35,536) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | |
| Depreciation | 3,331 |
| (Increase) Decrease in: | |
| Due from State | (10,993) |
| Increase (Decrease) in: | |
| Accounts Payable | 43,016 |
| Accrued Wages Payable | - |
| Payroll Liabilities Payable | 25,660 |
| Accrued Expenses | 1,220 |
| Cash Flows From Operating Activities | <u>26,698</u> |
| Cash Flows From Investing Activities | |
| Purchase of fixed assets | (23,318) |
| | <u>(23,318)</u> |
| Cash Flows From Financing Activities | |
| Accrued Interest Payable | - |
| Bond Issuance Cost | - |
| Loan Payments | - |
| | <u>-</u> |
| Net Increase (Decrease) in Cash | 3,380 |
| Cash at Beginning of Year | <u>-</u> |
| Cash at End of Year | <u><u>\$ 3,380</u></u> |
| Summary of Cash: | |
| Cash in Bank | 3,380 |
| Certificates of Deposit | - |
| Total Cash | <u><u>\$ 3,380</u></u> |

See the accompanying notes to the financial statements.

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NOTES TO FINANCIAL STATEMENTS

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fifteen Months Ended August 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Academy

The Excellence in Leadership Academy (ELA) is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Academy is governed by the Board of Directors. The Board of Directors is selected pursuant to the bylaws of the Academy and has the authority to make decisions, appoint the officers of the Foundation and significantly influence operations. The Board of Directors has the primary accountability for the fiscal affairs of the Academy.

The Academy operates under an open enrollment charter granted by the Texas State Board of Education. The charter was initially issued for a period of five years. The school is part of the public school system of the state and is entitled to distribution from the State's available school fund. However, the School does not have the authority to impose taxes or charge tuition.

Excellence in Leadership Academy currently services Pre-K to 4th grade students. Highlights of their services to their students and community include highly qualified and committed staff, state of the art technology, and family and community involvement. The Academy offers dual language programs, smaller learning communities, and integration of college and career readiness standard.

B. Accounting Policies

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies are as follows:

To ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts are maintained in accordance with the principles of fund accounting during the year. Resources for various purposes are classified for accounting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, the accompanying statements of financial position and of activities focuses on the Academy as a whole and reports the amounts of its total assets, liabilities, net assets and changes in net assets in accordance with Financial Accounting Standards Board Statement No. 117.

The statement of financial position reports the amounts of each of two classes of net assets: temporary restricted, and unrestricted net assets.

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fifteen Months Ended August 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unrestricted net assets are the remaining part of the Academy's net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Property and equipment are included in unrestricted net assets.

C. Basis of Presentation

The combined general-purpose financial statements include the accounts of Excellence in Leadership Academy. All significant intercompany accounts and transactions have been eliminated in the combined general-purpose financial statements.

D. Fixed Assets and Depreciation

All purchased fixed assets are valued at cost or estimated cost. Donated assets are reported at the fair market value at time of acquisition. Fixed assets are defined by the Academy as capital assets with an individual cost of more than \$1,000. Depreciation of building improvements and equipment is provided over the estimated useful lives of the assets on a straight-line basis.

E. Revenues

Revenues from the state's available school fund are based on reported attendance. State foundations revenues are public funds held in trust by the charter holder for the benefit of the students of the charter school and as such are reported as temporarily restricted revenues.

Contributions received are recognized as revenue in the period received and are reported as either restricted or unrestricted support. During the period, Luz Para Las Naciones, Inc. Mission, Texas originally advance numerous loan advances to the Academy with varying terms; however, the Luz Para Las Naciones, Inc. has forgiven the outstanding balances and declared them paid in full. These monies have been reclassified as a contribution totaling \$94,500 to the Excellence in Leadership Academy during the current period.

Contributions with donor-imposed restrictions are reported as restricted support. Restricted support increases temporarily restricted net assets.

Contributions without donor-imposed restrictions are reported as unrestricted support. Unrestricted support increases unrestricted net assets.

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fifteen Months Ended August 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Governmental grant contracts that are entered into by the School are recognized as revenue when services are rendered or when the expenses in connection with those services are incurred.

F. Donated Goods and Services

Donated goods and services that can be measured and meet certain other requirements are recorded in the financial statements as in-kind contributions and expenses of a like amount.

G. Cash and Cash Equivalents

For financial statement purposes, the company considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In preparation of the financial statements in conformity with generally accepted accounting principles, management's estimates were considered for depreciation.

When available, the Academy measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the Academy is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

2. CONCENTRATIONS

A. Cash in Bank

The Academy maintains bank accounts with Chase Bank. Federal deposit insurance on the Chase Bank accounts totaled \$250,000 on accounts. The book balance totaled \$3,380 and the bank balance totaled \$7,239 on August 31, 2013. The Academy has balances in banks which are federally insured

B. Revenues

The principal source of revenue for the Academy is its receipt of state program revenues received from the Texas Education Agency.

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fifteen Months Ended August 31, 2013

3. PENSION PLAN OBLIGATIONS

Plan Description – The Charter School contributes to the Teacher Retirement System of Texas (the System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the Charter School, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries.

The System operates under the authority of provisions contained primarily in Texas Government code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 877-0123.

Funding Policy-Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary, the State of Texas contributes an amount equal to 6.0% of the Charter School's covered payroll and the Charter School contributes 0.55% of covered payroll. The Academy's employees' contributions to the System for the year ending August 31, 2013 were \$67,148 equal to the required contributions for the year. The Academy's contributions to the System for the year were \$6,557.

4. FIXED ASSETS

The Excellence in Leadership Academy received donated property in the amount of \$23,318 from Luz para Las Naciones, Inc. These assets were valued at fair value at the time of acquisition.

Fixed Assets at August 31, 2013 were as follows:

| | |
|-----------------------------------|------------------|
| Furniture, Fixtures and Equipment | <u>\$ 23,318</u> |
| Less: Accumulated Depreciation | <u>(3,331)</u> |
| Property and Equipment, net | <u>\$ 19,987</u> |

5. OWNERSHIP IN PROPERTY AND EQUIPMENT

Capital assets acquired with public funds received by the Academy for the operation of Excellence in Leadership Academy constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the Schedule of Capital Assets for the Excellence in Leadership Academy.

EXCELLENCE IN LEADERSHIP ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
For The Fifteen Months Ended August 31, 2013

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at August 31, 2013 were as follows:

| | |
|----------------------|---------------|
| Campus Activity Fund | <u>\$ 345</u> |
| Total | <u>\$ 345</u> |

7. Operating Lease

The Academy entered into a lease agreement with Luz Para Las Naciones, Inc. Mission, Texas for 12,000 square feet of classroom and office space for its school operation. The lease covers the use of the parking lot and the back yard area. The base rent of \$6,960 is due on the 26th of each month. The lease agreement is for five (5) years and commenced on July 1, 2012. Luz Para Las Naciones, Inc. has donated the first year's rent to the Academy as part of its start up budget.

The annual rents for the next four years are as follows:

| | |
|------|----------|
| 2014 | \$83,520 |
| 2015 | 83,520 |
| 2016 | 83,250 |
| 2017 | 83,250 |

8. COMMITMENTS AND CONTINGENCIES

The Academy receives federal and state funds which are governed by various rules and regulations by the grantor. Expenses charged to the grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the grants other than as reflected in the financial statements.

9. EVALUATION OF SUBSEQUENT EVENTS

The Academy has evaluated subsequent events through January 27, 2014, the date which the financial statements were available to be issued.

OTHER SUPPLEMENTARY INFORMATION

**Excellence in Leadership Academy
Statement of Activities
For the Fiscal Year Ended August 31, 2013**

| | Unrestricted | Temporarily Restricted | Total |
|--|--------------|---------------------------|-------------|
| REVENUE AND OTHER SUPPORT | | | |
| Local Support | | | |
| 5740 Tuition and Afterschool | \$ - | \$ - | \$ - |
| 5744 Contributions | 141,338 | - | 141,338 |
| 5749 Other Revenues from Local Sources | 15,704 | - | 15,704 |
| 5750 Food Sales | 1,091 | - | 1,091 |
| 5755 Campus Activity | 4,315 | - | 4,315 |
| Total local support | 162,448 | - | 162,448 |
| State Program Revenues | | | |
| 5810 Foundation School Program | - | 424,341 | 424,341 |
| 5820 State Program Revenues Distributed by the Texas Education Agency | - | - | - |
| 5830 Revenues from Texas Government Agencies | - | - | - |
| Total State Program Revenue | - | 424,341 | 424,341 |
| Federal program revenues | | | |
| 5920 Federal Revenues Distributed by the Texas Education Agency | - | 73,569 | 73,569 |
| Total Federal Program Revenue | - | 73,569 | 73,569 |
| Net assets released from restrictions: Restrictions satisfied by payments | 497,565 | (497,565) | - |
| Total Revenue and Other Support | 660,013 | 345 | 660,358 |
| EXPENSES | | | |
| 11 Instruction | 311,103 | - | 311,103 |
| 12 Instructional Resources and Media Services | - | - | - |
| 13 Curriculum Development and Instructional Staff Development | 3,927 | - | 3,927 |
| 21 Instructional Leadership | - | - | - |
| 23 School Leadership | - | - | - |
| 31 Guidance, Counseling, and Evaluation | - | - | - |
| 33 Health Services | 400 | - | 400 |
| 35 Food Services | 45,973 | - | 45,973 |
| 36 Cocurricular/Extracurricular Activities | 3,970 | - | 3,970 |
| 41 General Administration | 217,641 | - | 217,641 |
| 51 Plant Maintenance and Operations | 87,711 | - | 87,711 |
| 52 Security and Monitoring Services | 10,811 | - | 10,811 |
| 53 Data Processing | - | - | - |
| 61 Community Services | - | - | - |
| 71 Debt | - | - | - |
| 81 Fund Raising | - | - | - |
| Total Expenses | 681,536 | - | 681,536 |
| CHANGE IN NET ASSETS | (21,523) | 345 | (21,178) |
| NET ASSETS BEGINNING OF YEAR | (14,358) | - | (14,358) |
| NET ASSETS END OF YEAR | \$ (35,881) | \$ 345 | \$ (35,536) |

Excellence in Leadership Academy
Statement of Activities
For the Period of June 1, 2012 through August 31, 2012

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|--------------------|
| REVENUE AND OTHER SUPPORT | | | |
| Local Support | | | |
| 5740 Tuition and Afterschool | \$ - | \$ - | \$ - |
| 5744 Contributions | 73,920 | - | 73,920 |
| 5749 Other Revenues from Local Sources | 2,162 | - | 2,162 |
| 5750 Food Sales | - | - | - |
| 5755 Campus Activity | - | - | - |
| Total local support | <u>76,082</u> | <u>-</u> | <u>76,082</u> |
| State Program Revenues | | | |
| 5810 Foundation School Program | - | - | - |
| 5820 State Program Revenues Distributed by the Texas Education Agency | - | - | - |
| 5830 Revenues from Texas Government Agencies | - | - | - |
| Total State Program Revenue | <u>-</u> | <u>-</u> | <u>-</u> |
| Federal program revenues | | | |
| 5920 Federal Revenues Distributed by the Texas Education Agency | - | - | - |
| Total Federal Program Revenue | <u>-</u> | <u>-</u> | <u>-</u> |
| Net assets released from restrictions: | | | |
| Restrictions satisfied by payments | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Revenue and Other Support | <u>76,082</u> | <u>-</u> | <u>76,082</u> |
| EXPENSES | | | |
| 11 Instruction | 35,727 | - | 35,727 |
| 12 Instructional Resources and Media Services | - | - | - |
| 13 Curriculum Development and Instructional Staff Development | 1,133 | - | 1,133 |
| 21 Instructional Leadership | - | - | - |
| 23 School Leadership | - | - | - |
| 31 Guidance, Counseling, and Evaluation | - | - | - |
| 33 Health Services | - | - | - |
| 35 Food Services | 15 | - | 15 |
| 36 Cocurricular/Extracurricular Activities | - | - | - |
| 41 General Administration | 39,645 | - | 39,645 |
| 51 Plant Maintenance and Operations | 13,920 | - | 13,920 |
| 52 Security and Monitoring Services | - | - | - |
| 53 Data Processing | - | - | - |
| 61 Community Services | - | - | - |
| 71 Debt | - | - | - |
| 81 Fund Raising | - | - | - |
| Total Expenses | <u>90,440</u> | <u>-</u> | <u>90,440</u> |
| CHANGE IN NET ASSETS | (14,358) | - | (14,358) |
| NET ASSETS BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> |
| NET ASSETS END OF YEAR | <u>\$ (14,358)</u> | <u>\$ -</u> | <u>\$ (14,358)</u> |

**Excellence in Leadership Academy
Schedule of Capital Assets
August 31, 2013**

Exhibit D-1

| | Ownership Interest | | | Total |
|--|----------------------|-----------------|-----------------|-------------------|
| | Local | State | Federal | |
| 1510 Land and Improvements | \$ - | \$ - | \$ - | - |
| 1520 Buildings and Improvements | - | - | - | - |
| 1531 Vehicles | | - | - | - |
| 1539 Furniture, Fixtures and Equipment | 23,318 | - | - | 23,318 |
| 1581 Construction in Progress | | - | | - |
| Total Property and Equipment | \$ <u>23,318</u> | \$ <u>-</u> | \$ <u>-</u> | <u>23,318</u> |

**Excellence in Leadership Academy
Schedule of Expenses
August 31, 2013**

Exhibit C-1

| Expenses | |
|---|-------------------|
| 6100 Payroll Costs | \$ 439,867 |
| 6200 Professional and Contract Services | 57,389 |
| 6300 Supplies and Materials | 62,799 |
| 6400 Other Operating Costs | 121,481 |
| 6500 Interest Expense | - |
| Total Expenses | <u>\$ 681,536</u> |

**Excellence in Leadership Academy
Schedule of Expenses
August 31, 2012**

Exhibit C-1

| Expenses | |
|---|------------------|
| 6100 Payroll Costs | \$ 30,237 |
| 6200 Professional and Contract Services | 7,355 |
| 6300 Supplies and Materials | 31,203 |
| 6400 Other Operating Costs | 21,645 |
| 6500 Interest Expense | - |
| Total Expenses | <u>\$ 90,440</u> |

**Excellence in Leadership Academy
Budgetary Comparison Schedule
For the Fiscal Year Ended August 31, 2013**

Exhibit E-1

| | Budgeted Amounts | | Actual Amounts | Variance from Final Budget |
|--|------------------|-------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUE AND OTHER SUPPORT | | | | |
| Local Support | | | | |
| 5744 Contributions | - | - | 141,338 | 141,338 |
| 5749 Other Revenues from Local Sources | - | - | 15,704 | 15,704 |
| 5750 Food Sales | - | - | 1,091 | 1,091 |
| 5755 Campus Activity | - | - | 4,315 | 4,315 |
| Total local support | - | - | 162,448 | 162,448 |
| State Program Revenues | | | | |
| 5810 Foundation School Program | 464,119 | 464,119 | 424,341 | (39,778) |
| 5820 State Program Revenues Distributed by the Texas Education Agency | - | - | - | - |
| 5830 Revenues from Texas Government Agencies | - | - | - | - |
| Total State Program Revenue | 464,119 | 464,119 | 424,341 | (39,778) |
| Federal program revenues | | | | |
| 5920 Federal Revenues Distributed by the Texas Education Agency | 101,736 | 101,736 | 73,569 | (28,167) |
| Total Federal Program Revenue | 101,736 | 101,736 | 73,569 | (28,167) |
| Total Revenue and Other Support | 565,855 | 565,855 | 660,358 | 94,503 |
| EXPENSES | | | | |
| 11 Instruction | 371,605 | 371,605 | 311,103 | 60,502 |
| 12 Instructional Resources and Media Services | - | - | - | - |
| 13 Curriculum Development and Instructional Staff Development | - | - | 3,927 | (3,927) |
| 21 Instructional Leadership | - | - | - | - |
| 23 School Leadership | - | - | - | - |
| 31 Guidance, Counseling, and Evaluation Services | - | - | - | - |
| 33 Health Services | - | - | 400 | (400) |
| 35 Food Services | 55,000 | 55,000 | 45,973 | 9,027 |
| 36 Cocurricular/Extracurricular Activities | - | - | 3,970 | (3,970) |
| 41 General Administration | 201,408 | 201,408 | 217,641 | (16,233) |
| 51 Plant Maintenance and Operations | 1,200 | 1,200 | 87,711 | (86,511) |
| 52 Security and Monitoring Services | - | - | 10,811 | (10,811) |
| 53 Data Processing | - | - | - | - |
| 61 Community Services | - | - | - | - |
| 71 Interest on Debt Service | - | - | - | - |
| 81 Fundraising | - | - | - | - |
| Total Expenses | 629,213 | 629,213 | 681,536 | (52,323) |
| CHANGE IN NET ASSETS | (63,358) | (63,358) | (21,178) | 42,180 |
| NET ASSETS BEGINNING OF PERIOD | (14,358) | (14,358) | (14,358) | - |
| NET ASSETS END OF PERIOD | \$ (77,716) | \$ (77,716) | \$ (35,536) | \$ 42,180 |

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Raul Hernandez & Company, P.C.

Certified Public Accountants
5422 Holly Rd.
Holly-Staples Square
Corpus Christi, Texas 78411
Office (361)980-0428 Fax (361)980-1002

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
Excellence in Leadership Academy
Mission, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Excellence in Leadership Academy (a nonprofit organization), which comprise the statement of financial position as of August 31, 2013, and the related statements of activities, and cash flows for the fifteen months then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2014.

Internal Control Over Financial Reporting

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

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Excellence in Leadership Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Raul Hernandez & Company, P.C.

Corpus Christi, TX

January 27, 2014

EXCELLENCE IN LEADERSHIP ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013

A. Summary of the Auditors' Results:

1. Financial statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

2. Federal Awards N/A

B. Financial Statement Findings N/A

EXCELLENCE IN LEADERSHIP ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2013

N/A