

# FREEMON, SHAPARD & STORY

*Certified Public Accountants*

## **Independent Auditor's 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***

Board of Directors  
Texas Boys Choir, Inc.  
3901 S. Hulen Street  
Fort Worth, TX 76109

Members of the Board of Directors:

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 Texas Boys Choir, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2013 and 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2013.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Texas Boys Choir, Inc.'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 Texas Boys Choir, Inc.'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 Texas Boys Choir, Inc.'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-1 and 2013-2.

We noted certain matters that we reported to management of Texas Boys Choir, Inc. in a separate letter dated December 20, 2013.

## Purpose of this Report

This 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.

Respectfully submitted,



Freeman, Shapard, & Story  
Windthorst, TX  
December 20, 2013

**TEXAS BOYS CHOIR, INC. (THE CHARTER HOLDER)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

I. Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	___ Yes <u> X </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes <u> X </u> No
Noncompliance material to financial statements noted?	___ Yes <u> X </u> No

Under the guidelines of OMB Circular A-133, a Single Audit was not required for the year ended August 31, 2013.

II. Financial Statement Findings

Finding 2013-1

*Criteria*

When an employee is hired, an I-9 should be completed by the employee and employer. An I-9 is required for all employees hired after November 6, 1986, to prove that the employee is authorized to work in the United States.

*Condition*

Of the eleven employees sampled for testing, six did not have the employer portion of the I-9 completed.

*Effect*

Texas Boys Choir, Inc. does not have proof that they are checking the employment eligibility of their employees.

*Cause*

The I-9's were completed by the employees, but they were not checked and verified by the employer.

*Recommendation*

An employee of Texas Boys Choir, Inc. should complete the employer portion of the I-9 before hiring a potential employee.

*Management Response*

The employer portion of the I-9's have subsequently been completed for all I-9's.

Finding 2013-2

*Criteria*

The Texas Education Code requires that children who have been identified as gifted and talented receive services exclusively for gifted and talented students.

*Condition*

The students who have been identified as gifted and talented did not receive exclusive services.

*Effect*

The gifted and talented students are receiving the same services as the regular students. They are not receiving any services exclusively designed for gifted and talented students.

*Cause*

Texas Boys Choir, Inc. did not develop any gifted and talented programs or send their gifted and talented students to any seminars developed for gifted and talented students.

*Recommendation*

Texas Boys Choir, Inc. needs to spend 55% of their gifted and talented allotment on services exclusively for gifted and talented students. School personnel need to attend training on the gifted and talented program.

*Management Response*

Texas Boys Choir, Inc. will develop a gifted and talented program for its gifted and talented students. Also, school personnel will receive training on the gifted and talented program standards. At the August 27, 2013 board meeting, the board approved a gifted and talented program that was developed by the administration and faculty and was implemented for the 2013-14 school year.

III. Findings and Questioned Costs for State and Federal Awards

None identified.

TEXAS BOYS CHOIR, INC. (THE CHARTER HOLDER)  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2013

Finding 2012-1

*Criteria*

New board members are required to receive twelve hours of board training their first year of service, and experienced board members are required to receive six hours of board training every year thereafter.

*Condition*

Five experienced board members did not receive the required board training.

*Effect*

These board members may not be aware of new charter school rules and regulations.

*Recommendation*

All board members must receive the required board training every year.

*Management Response*

All board members will be required to attend board training every year. The board members who did not receive the training will either receive the training next year or will resign from the Board.

*Status*

All current board members received the required board training in the 2012-13 year.

*Management's Explanation for not implementing the Recommendation*

N/A

Finding 2012-2

*Criteria*

The Texas Education Code requires that children who have been identified as gifted and talented receive services exclusively for gifted and talented students.

*Condition*

The students who have been identified as gifted and talented did not receive exclusive services.

*Effect*

The gifted and talented students are receiving the same services as the regular students. They are not receiving any services exclusively designed for gifted and talented students.

*Recommendation*

Texas Boys Choir, Inc. needs to spend 55% of their gifted and talented allotment on services exclusively for gifted and talented students.

*Management Response*

Texas Boys Choir, Inc. will develop a gifted and talented program for its gifted and talented students.

*Status*

Fort Worth Academy of Fine Arts and Texas School of the Arts did not spend their gifted and talented allotment on programs exclusively for gifted and talented students.

*Management's Explanation for not implementing the Recommendation*

Fort Worth Academy of Fine Arts and Texas School of the Arts are unaware of the gifted and talented program restrictions. We recommend school personnel obtain training on the gifted and talented program.