

**FINANCIAL AND OPERATIONAL EXAMINATION OF
FULTON SCIENCE ACADEMY HIGH SCHOOL (“FSAHS”)**

**Report to Mr. Glenn Brock, Esq.,
Brock, Clay, Calhoun & Rogers, L.L.C. (“Brock Clay”)**

AUGUST 23, 2012

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1 Engagement Team and Responsibilities in this Matter

IAG Forensics (“IAG”) was retained by Brock Clay in June 2012 to serve as an accounting and auditing consultant to Fulton County Schools (“FCS”) Internal Audit Department (“Internal Audit”). Laurie Dyke (IAG Managing Partner), Karen Fortune (IAG Partner), Pat Salem (IAG Forensic Accountant), Caroline Chang (IAG Forensic Manager) and Luke Thomas (IAG Forensic Accountant) served as the engagement services team, along with support staff providing administrative assistance.

In connection with this engagement, IAG was asked to assist Jim Yerich, Director of Internal Audit for FCS, and his department. Hereafter, Mr. Yerich, Ms. Dyke, Ms. Fortune, Ms. Salem, Mr. Thomas and Ms. Chang (and any combination of these individuals) are collectively referred to as the “Auditors.” Our directive was to audit various areas of school operations, including, but not limited to financial management, governance and compliance with federal, state, local and school charter laws, rules, guidelines and guidance. In this report, we are providing counsel with the facts and findings from our audit procedures and will rely upon counsel and FCS to make any legal or compliance determinations. Many items within the report are responsive to questions raised by counsel and which arose in the course of the engagement. The report is intended to provide counsel with information and insights into these areas. In certain instances, we have referred findings to FCS for additional investigation by their personnel. We are not expressing any opinion about the propriety or impropriety of actions taken by the Governing Board, management, staff or parents of FCS or the vendors with whom they do business.

The services provided in this matter were performed in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants and opinions, if any, are expressed to a reasonable degree of accounting certainty.

Our work included the following:

- Examination of books and records of FSAHS;
- Examination of agreements, contracts and other supporting documentation provided by FSAHS; and

- Interviews of Mr. Namik Sercan, Mr. Ali Ozer, various former FSAHS personnel, participants on the Turkey trips and several Governing Board members.

We concluded our fieldwork and interviews on July 19, 2012 and based our analysis on the records provided as of and to that date. We are not aware of any circumstances that have occurred since that date that would affect our findings and no documents or other information have been received since that date. Therefore, no adjustments have been made to the report and the requested documents and responses remain outstanding as of August 23, 2012, the date of this report.

In order to respect the privacy of certain FSAHS employees, we have substituted generic references for specific names. We have provided a key to counsel to map each generic reference to the respective party.

We reserve the right to revise and/or supplement our analyses, opinions, and report to the extent additional relevant information is provided.

2 Executive Summary of Audit Findings

The following summarizes specific facts and findings from our engagement:

2.1 Bonds - FSAHS, along with its sister FSA schools, entered into a Loan Agreement with the Development Authority of Alpharetta, Georgia in November 2011.¹ In June 2012, the related bonds went into default.² We asked Principal Sercan and Mr. Ozer how the bond default would impact FSAHS and how the school would ensure that no public funds were used to pay for the bonds. Principal Sercan and Mr. Ozer each responded in a similar manner; neither knew how the school would be impacted by the bond default, and both stated that the school was consulting with its legal advisors. Mr. Ozer also stated that the FSA schools had every right to use their normal public funding to pay the bonds. We also noted that FSAHS' financial statements fail to include an accounting for any portion of the bond debt and related assets. Refer to Section 3.1 for further information related to the bonds.

¹ Loan Agreement between Development Authority of Alpharetta, Georgia and Fulton Science Academy, Inc., Fulton Educational Services, Inc. and Fulton Sunshine Academy, Inc., dated November 1, 2011

² Notice of Acceleration of Bond Debt, from Wells Fargo to the FSA Schools, dated June 25, 2012

2.2 Truancy and Attendance - Our investigation revealed that FSAHS reported, in eSchoolPlus, excessive numbers of students with six (6) or more days of unexcused absences and 15 or more unexcused tardies during the 2010-2012 school years. We have referred this matter to FCS for further investigation and were told that Ms. Laura Stowell will issue a separate report on her findings. Refer to Section 3.2 for further information related to truancy and attendance.

2.3 Grace Institute (“Grace”) - FSAHS and the other FSA schools have shared common leadership and personnel with Grace from Grace’s inception through June 2011.³ Mr. Yerich requested from Mr. Ozer (on two occasions) a list of Grace’s board members for the 2011-2012 school year⁴ to evaluate whether FSA and Grace continue to share common leadership or personnel; however, as of the writing of this report, we have not been provided this information.

Our work revealed that FSAHS paid \$64,060 for services in the 2009-2010 school year to Grace despite the fact that, according to Mr. Ozer, Grace had no staff providing services to member schools that year. According to its Form 990 for 2009-2010 school year, Grace received \$291,459 for program service revenues (\$144,640 from FSA schools and \$146,819 from other schools), while it only incurred \$53,855 in expenses that might be related to program services (of which approximately \$11,844 might be attributable to FSAHS based on its contribution percentage to Grace’s revenue). In addition, according to Mr. Ozer, one of the outside individuals he recalls providing services on behalf of Grace in the 2009-2010 school year was actually employed by FSAHS at that time.⁵ Refer to Section 3.3 for further information related to Grace.

2.3 Immigration and Hiring Practices - Mr. Ozer stated to the Auditors that FSA cannot find qualified teachers in America who are willing to work for the salaries that FSA offers. This statement was disputed by a Governing Board member and others stated it was not a topic discussed by the Governing Board. We noted that some of the

³ Schedule 1; We were informed by Mr. Ozer that the FSA personnel ended their terms as Grace board members as of this date.

⁴ Exhibit 1 – Email from James Yerich to Ali Ozer dated 07/11/2012, 1:18PM, “Documents Request from 6/10/12 (sic) Meeting”; Exhibit 2 – Email from James Yerich to Ali Ozer dated 07/17/2012, 10:30AM, “RE: Documents Request from 6/10/12 (sic) Meeting”

⁵ Exhibit 3 – Email from Ali Ozer to James Yerich dated 07/17/2012, 12:12PM, “RE: Documents Request from 6/10/12 (sic) Meeting”

international teachers, for whom FSAHS incurred immigration expenses, had zero (0) years of teaching experience and C averages from their respective colleges (refer to Table 10 in Section 3.4). According to Mr. Ozer, it is FSAHS policy to pay immigration costs for all employees/candidates and their families that FSAHS has hired or intends to hire (including those who resign shortly after starting or who are never hired). Refer to Section 3.4 for further information related to FSAHS' immigration and hiring practices.

2.5 Governing Board – Multiple members of the Governing Board stated that they felt Messrs. Ozer and Korucu dominated the Governing Board. Per members of the Governing Board, the permanent members voted in a block; the parent members on the Governing Board were the only dissenting voices and the only ones to raise questions. In addition, according to Governing Board members, the Governing Board developed no policies, did not perform a search for proposed principals for FSAHS, did not evaluate the Executive Director, and stated that they were not adequately informed about the risk of default related to the bond by Mr. Ozer. We were also told, even though it has been historically difficult to get parent participation, parents now want significant change in the board structure and terms and see great opportunity for improvement at FSAHS. Refer to Section 3.5 for further information related to the Governing Board.

2.6 Transportation – Van – We were informed by former FSAHS personnel, that over the last few years, a van (purportedly owned and insured by an outside party) was used to provide transportation for students to and from their homes and to and from a nearby MARTA station. Both the former FSAHS personnel and Mr. Sercan confirmed that the van was driven by the school custodian. The school obtained consent forms from parents allowing students to take the van from MARTA and it is the position of Messrs. Sercan and Ozer that the school had no liability issues for this transportation. Members of the Governing Board stated they were never informed that the van and custodian driver were not insured by the school. Some members were not aware that this van provided transportation for some students between the MARTA bus stop and the school. Refer to Section 3.6 for further information related to the transportation issue.

2.7 Turkey Trips – We were informed by trip participants that accommodations were not known in advance of a trip to Turkey; accommodations were sometimes

arranged upon arriving in a new locale. During our engagement, we requested, several times, a list of the specific locations students stayed each night while in Turkey for the trips taken from Spring Break 2009 through 2012.⁶ As of the writing of this report, we received this information for only the 2012 Spring Break Trip. We were also informed that until the Spring Break 2012 trip, expenses for in-country food, lodging and transportation were paid for by Coskun, a school with which FSAHS has an exchange-like program. We were informed, however, that no students from Turkey have ever visited the US as part of this exchange program. In addition, FCS Operating Guidelines with respect to international trips and non-school sponsored field trips were not followed. Refer to Section 3.7 for further information related to the Turkey trips.

3 Detailed Findings

Mr. Yerich contacted Mr. Ali Ozer, Executive Director at FSAHS, on June 13, 2012 regarding its intention to audit FSAHS. Included in the correspondence were a document request list and the stated intent to begin the audit on Monday, June 18, 2012. Mr. Yerich also indicated that Mr. Ozer was to contact him regarding any scheduling conflicts.⁷

Mr. Ozer contacted Mr. Yerich on June 14, 2012 by phone and on June 15, 2012 via email to inform him that FSAHS intended to comply fully and would be ready for the audit on June 18, 2012.⁸ In addition, he stated that the business manager had been approved for overtime to assist in pulling the documentation for the audit.

The Auditors arrived at FSAHS at 9:00AM on June 18, 2012. We were greeted cordially by Mr. Namik Sercan (Principal of FSAHS), Mr. Ahmet Yilmaz (Business Manager for all FSA schools) and a Governing Board Member of FSAHS. After a brief conversation, we were directed to a workroom where many documents had been pulled, organized and in some cases

⁶ Exhibit 4 – Email from James Yerich to Namik Sercan dated 07/02/2012, 7:17PM, “Documents List”; Exhibit 1 – Email from James Yerich to Ali Ozer dated 07/11/2012, 1:18PM, “Documents Request from 6/10/12 (sic) Meeting”; Exhibit 2 – Email from James Yerich to Ali Ozer dated 07/17/2012, 10:30AM, “RE: Documents Request from 6/10/12 (sic) Meeting”

⁷ Exhibit 5 – Email from James Yerich to Ali Ozer, dated 06/13/2012, 2:30PM “Audit of FSA HS” with attached letter

⁸ Email from Ali Ozer to James Yerich (and other cc recipients), dated 06/15/2012, 11:57AM, “RE: Audit of FSA HS”

copied for our use. Mr. Sercan and Mr. Yilmaz showed us the documents and discussed certain aspects of them for our understanding.

We interviewed Mr. Sercan on several occasions and Mr. Ozer on July 10, 2012. Mr. Yerich sent lists of questions and requested documentation to Mr. Sercan and Mr. Ozer via email on at least four occasions to which we received only partial responses.⁹ In addition, we conducted numerous interviews of former FSAHS personnel, participants in the Turkey trips and members of the FSAHS Governing Board. Names of those interviewed are not included within this report as several of these individuals expressed fear of reprisal, and others simply requested anonymity.

3.1 Bonds

FSAHS, along with its sister FSA schools, entered into a Loan Agreement with the Development Authority of Alpharetta, Georgia on November 1, 2011.¹⁰ The lending totaled \$18,930,000 of Educational Facilities Revenue Bonds, initially rated BBB by Fitch.¹¹ On June 25, 2012, Wells Fargo Bank sent a Notice of Acceleration of Bond Debt to the holders of this debt.¹² The letter stated that “Remaining principal owed on the Bonds is in the amount of \$9,900,000.00; remaining interest due and owing through June 25, 2012 is in the amount of \$307,058.04, and continues to accrue at the same rate originally borne by the Bonds.”¹³ The interest, according to the letter, “continues to accrue at a rate of \$3290.03 per day.”¹⁴

We asked Principal Sercan how the bond default would impact FSAHS and how the school would ensure that no public funds were used to pay for the bonds. Mr. Sercan responded that he did not know how the school would be impacted, but the school was consulting with its legal advisors. In addition, he stated that Mr. Ozer was handling this issue and he (Mr. Sercan) was not involved. Mr. Sercan also stated that Mr. Ozer would be leaving his position as

⁹ Exhibit 5 – Letter from James Yerich to Ali Ozer dated 06/13/2012; Exhibit 4 – Email from James Yerich to Namik Sercan dated 07/02/2012, 7:17PM, “Documents List”; Exhibit 1 – Email from James Yerich to Ali Ozer dated 07/11/2012, 1:18PM, “Documents Request from 6/10/12 (sic) Meeting”; Exhibit 2 – Email from James Yerich to Ali Ozer dated 07/17/2012, 10:30AM, “RE: Documents Request from 6/10/12 (sic) Meeting”; Schedule 2

¹⁰ Loan Agreement between Development Authority of Alpharetta, Georgia and Fulton Science Academy, Inc., Fulton Educational Services, Inc. and Fulton Sunshine Academy, Inc., dated November 1, 2011

¹¹ \$18,930,000 Development Authority of Alpharetta, Georgia Educational Facilities Revenue Bonds

¹² Notice of Acceleration of Bond Debt, from Wells Fargo to the FSA Schools, dated June 25, 2012

¹³ Notice of Acceleration of Bond Debt, from Wells Fargo to the FSA Schools, dated June 25, 2012, page 2

¹⁴ Notice of Acceleration of Bond Debt, from Wells Fargo to the FSA Schools, dated June 25, 2012, page 2

Executive Director at the end of July. At that time, Mr. Sercan would become more involved and would become the contact person on the bond matter. Mr. Sercan explained that he and Mr. Ozer planned to use July as a transition period.

We posed the same questions to Mr. Ozer on July 10, 2012 and he informed us that the matter was being addressed by the FSA attorneys and there was no formalized plan at that time. He did state his belief that the land could sell for over three times the amount paid for it, citing a potential sales price of \$200,000 per acre versus the original purchase price of \$65,000 per acre. Mr. Ozer further stated that FSA was seeking an appraisal on the land to determine its actual value.

We asked Mr. Ozer how the FSA schools would fund any deficit should the sale of the property be insufficient. He stated that FSA would not request additional assistance from FCS (beyond the normal level of school funding) to pay the debt, but Mr. Ozer stated that the FSA schools had every right to use their normal public funding to pay the bond default.

Our interviews of the Governing Board members revealed that they were awaiting a report from the FSA attorney on a plan of action. We were informed that some Governing Board members and many parents were angry at Mr. Ozer for the bond default, particularly because of communications that always included what they characterized as a positive “spin.” We were additionally informed that a Governing Board meeting was scheduled for Saturday, July 21, 2012 at which time the board would discuss the bond with the FSA counsel, but we are not aware of the plans at this point.

We also noted that FSAHS’ financial statements failed to include an accounting for any portion of the bond debt and related assets. In addition, there was no accounting for debt service payments that have been accrued and not yet paid. Therefore, a reader of the financials may not have been fully informed of the existence of the bond indebtedness and FSAHS’ financial position.

3.2 Truancy and Attendance

We were notified by certain interviewees that they believed that FSAHS had possible truancy and attendance problems with its students. We spoke to Mr. Sercan, who informed us

that FSAHS followed FCS protocol regarding truancy, but he stated that the school did not have these issues.

Per Mr. Sercan, if an FSAHS student was absent more than five days, the school sent a letter to the parents. He also stated that this letter came from FCS and could be found on eSchoolPlus. In the letter, the school requested a parent conference and described the consequences. If the parents did not respond to the letter, the school contacted an independent social worker to address the truancy issue. On July 2, 2012, when we asked Mr. Sercan for the name of the social worker with whom FSAHS works, Mr. Sercan stated that he did not know, but he would find out and provide us his/her name. As of the point at which we referred this matter over to FCS for further investigation (described in greater detail below), we had not received this information. The name of the social worker may have been provided to FCS in the course of its investigation.

According to Mr. Sercan, the school experienced a high attendance rate; he specifically stated that in the 2010-2011 school year, the attendance rate was in the 97.3% - 98% range. He provided us a schedule for the school year 2011-2012 which demonstrated a school-wide attendance rate of 95.18%.¹⁵

The FCS Student Attendance Protocol states the following:

*A. **Tardy:** ...3) **15** unexcused tardies result in a referral to social worker.*¹⁶

*B. **Truant:** Any child who is subject to the compulsory attendance law who has more than five days of unexcused absences during calendar school year¹⁷ ...**After 10 unexcused absences:** a referral shall be made to the school social worker using the school social worker referral form...*¹⁸

FCS provided us with the eSchoolPlus attendance data for FSAHS, FSAMS and FSAES for the school years July 2008 through present for our analysis. When we examined the attendance data on a student-by-student basis, we noted that it showed that FSAHS experienced a high rate of truancy under the above-referenced guidelines. FSAHS reported numerous students

¹⁵ ADA/ADM Statistics Report ranging from 08/15/2011 – 05/18/2012 provided by Namik Sercan

¹⁶ Student Attendance Protocol – Fulton County School System, I.A.3

¹⁷ Student Attendance Protocol – Fulton County School System, I.B

¹⁸ Student Attendance Protocol – Fulton County School System, III.A.2.d

with significant ‘unexcused’ tardy¹⁹ and ‘unexcused’ absence days.²⁰ In addition, we noted numerous FSAHS students with excessive approved absences.²¹

According to the eSchoolPlus data for FSAHS, total absences for the 2011-2012 school year were 2,529 days (this compared to Mr. Sercan’s 2,295 days). Of these, 1,296 or 51% were unexcused.²² In the 2011-2012 school year, 83 students would have been considered truant under the above guidelines. Table 1 shows the number of truant FSAHS students as reported in eSchoolPlus (with six (6) or more days of unexcused absences) by school year.

Table 1: Number of Truant FSAHS Students by Year

# Unexcused Absences	# Students with Unexcused Absences						
	2006- 2007	2007- 2008	2008- 2009	2009- 2010	2010- 2011	2011- 2012	Total
6	2	9	10	12	14	13	60
7	1	5	6	6	5	13	36
8	1	4	2	9	7	11	34
9	2	3	4	6	5	10	30
10	2	3	1	11	7	6	30
11		3	1	4	4	8	20
12	2	1	2	1	2	4	12
13		1	2	1	1	3	8
14	1			3	1	2	7
15					1		1
16			1	2		1	4
17		1				4	5
18					2	2	4
19	1	1				2	4
20			1	1	1		3
21					1		1
22			1			1	2
23						1	1
24		1		2		1	4
28		2					2
30			1				1
35						1	1
Total	12	34	32	58	51	83	270

¹⁹ Schedule 3

²⁰ Schedule 4

²¹ Schedule 5

²² Schedule 6

According to Mr. Sercan, FSAHS had 269 students for 2011-2012. Thus, according to the data reported in eSchoolPlus, 30% of his student body was truant based on their unexcused absences alone.

Of those 83 truant students, 36 incurred 10 unexcused absences or more, and therefore, should have been referred to a social worker. Four students were reported with unexcused absences ranging between 22 and 35 days.

Our analysis of unexcused tardies revealed similar issues. For the school year 2010-2011, FSAHS reported, in eSchoolPlus, 71 students with 15 unexcused tardies or more.²³ In fact, FSAHS reported 28 students with 30 or more unexcused tardies, ranging as high as 71 days.²⁴

We referred this potential issue to FCS for further investigation to determine the following:

- Whether the students reported to have excessive unexcused tardies and unexcused absences in eSchoolPlus, were in fact absent and tardy for those days;
- If correctly reported in eSchoolPlus, the manner in which the students' tardies and absences were addressed; and
- If incorrectly reported in eSchoolPlus, the reason for such errors.

It is our understanding that the findings of FCS' further investigation will be reported in a separate document prepared by Ms. Laura Stowell, FCS Liaison to Charter Schools.

3.3 *Grace Institute*

FSAHS and its sister FSA schools contracted with Grace for various services, including professional services related to the school's District Level Renewal Process²⁵ and membership benefits for school improvement, staff development, and student services.²⁶

Grace was founded on May 13, 2008.²⁷ Table 2 shows the founding members of Grace and their respective positions and terms²⁸.

²³ Schedule 3

²⁴ Schedule 3

²⁵ Grace invoice #26 dated 03/19/2010

²⁶ Grace invoice #23 dated 01/18/2010; Grace invoice #28 dated 05/01/2010

²⁷ State of Georgia Certificate of Incorporation for Grace Institute for Educational Research & Resources, Inc. dated May 13, 2008

Table 2: Founding Members of Grace

Name	Position	Beginning Date	End Date
Yucel Aktas	Board Member	05/13/2008	06/30/2011
Selim Ozdemir	Board Member President	05/13/2008	06/30/2009
Ali Ozer	Board Member Vice President President	05/13/2008	06/30/2011
Kenan Sener	Board Member	05/13/2008	06/30/2011
Namik Sercan	Board Member Secretary	05/13/2008	06/30/2011

Avni Cokavci joined Grace on August 1, 2010 as the Executive Director.²⁹

On August 1, 2008, shortly after Grace was founded, Mr. Sercan joined the teaching staff at FSAHS.³⁰ In an interview conducted on July 3, 2012, Principal Sercan stated that, when defining Grace’s mission and vision, he helped determine what types of services Grace could provide to charter schools. Mr. Sercan stated that he has worked with charter schools since 2001, so he has a good understanding of what kinds of services would be beneficial to these schools.

We requested copies of all contracts that FSAHS had with Grace,³¹ but we only received one Grace contract dated September 19, 2011. Grace began providing paid services to FSAHS during the 2009-2010 school year.³² FSAMS, a sister school of FSAHS, signed a Membership Agreement with Grace on November 15, 2008,³³ but did not receive its first invoice from Grace until January 18, 2010.³⁴ Fulton Sunshine Academy, FSAHS’ other sister school, signed a Membership Agreement with Grace on March 15, 2010,³⁵ and began receiving services from Grace in the 2010-2011 school year.³⁶

²⁸ Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012, p. 6

²⁹ Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012, p. 6

³⁰ FSAHS employee roster for the 2005-2012 school years provided by Mr. Sercan

³¹ Exhibit 5 – Email from James Yerich to Ali Ozer, dated 06/13/2012, 2:30PM “Audit of FSA HS” with attached letter

³² Grace invoice #23 dated 01/18/2010; Grace invoice #26 dated 03/19/2010; Grace invoice #28 dated 05/01/2010

³³ Grace Membership Agreement with FSAMS dated November 15, 2008

³⁴ Grace invoice #21 dated 01/18/2010

³⁵ Grace Membership Agreement with FSAES dated March 15, 2010

³⁶ Grace invoice #33 dated 09/06/2010

On February 5, 2010, Grace listed seven (7) member schools on its website. These schools are as follows:³⁷

- Fulton Science Academy Middle School (FSAMS)
- Fulton Sunshine Academy Elementary School (FSAES)
- Orlando Science Middle School
- River City Science Academy Middle School
- Stars Middle School
- Sweet Water Branch Academy Middle School
- Technology Enriched Accelerated High School (FSAHS)

FSAHS and Grace Leadership

When Grace was founded, Messrs. Ozdemir, Ozer and Sercan were employed by FSA.³⁸ Table 3 depicts their roles with each organization.³⁹

Table 3: FSAHS and Grace Leadership Inter-Relationships

School Year	2008 – 2009	2009 – 2010	2010 – 2011	2011 - 2012
Ozdemir Selim				
Grace – Board Member, President	5/13/2008 – 6/30/2009			
FSAHS – Executive Director	2008 – 2010			
Ozer, Ali				
Grace – Board Member, VP, President	5/13/2008 – 6/30/2011			
FSAHS – Principal/Director				
FSAMS – Curriculum Director	2008 - 2009			
FSAMS – Employee		2009 - 2010		
FSAHS – Executive Director			8/1/2010 – 7/31/2012	
Sercan, Namik				
Grace – Board Member, Secretary	5/13/2008 – 6/30/2011			
FSAHS – Teacher	2008 - 2009			
FSAHS – Assistant Principal		2009 - 2010		
FSAHS – Principal			2010 - Present	

³⁷ Archived web page from web.archive.org displaying a listing of Grace’s member schools displayed on Grace’s website, www.graceschools.us, as of February 5, 2010

³⁸ FSAMS employee roster for the 2007-2012 school years provided by Mr. Kenan Sener; FSAHS employee roster for the 2005-2012 school years provided by Mr. Sercan; Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012

³⁹ Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012; FSAHS employee roster for the 2005-2012 school years provided by Mr. Sercan, FSAMS employee roster for the 2008-2009 school year, dated 10/2008, provided by FCS, FSAMS employee roster for the 2009-2010 school year, dated 10/06/2009, provided by FCS; Employment Agreement between FSAHS and Namik Sercan dated 07/16/2008; Employment Agreement between FSAHS and Namik Sercan dated 06/08/2009

Mr. Avni Cokavci also held roles with Grace and FSAHS at the same time.⁴⁰ Mr. Cokavci's roles are depicted below:

Table 4: Mr. Cokavci's Roles with FSAHS and Grace

	2008 – 2009	2009 – 2010	2010 – 2011	2011 - 2012
Cokavci, Avni				
Grace - Maintains the Books		7/1/2009 – 6/30/2011		
Grace – Executive Director			8/1/10 – Present	
FSAHS – Assistant Principal, Principal	8/1/2006 – 7/31/2010			

Schedule 1 contains a full analysis of individuals that were affiliated with both Grace and the FSA schools.

When Grace began providing services to FSAHS, during the 2009 - 2010 school year, Messrs. Ozer, Sercan, and Cokavci had responsibilities with both Grace and FSAHS:

- Mr. Ozer was an employee of FSAMS and was on the Board of Grace.⁴¹
- Mr. Sercan served as the Assistant Principal of FSAHS and was on the Board of Grace.⁴²
- Mr. Cokavci served as the Principal of FSAHS and maintained Grace's books.⁴³

On July 31, 2010, Mr. Cokavci left his position as Principal of FSAHS to become the Executive Director at Grace.⁴⁴ At the same time, Mr. Sercan was promoted to Mr. Cokavci's position as Principal of FSAHS and continues in that role as of the date of this report.⁴⁵

Table 5 shows the expenses that FSAHS incurred for services provided by Grace during the time that Messrs. Ozer, Sercan and/or Cokavci had roles with both organizations.

⁴⁰ Grace Institute's Form 990-EZ for the tax year beginning 07/01/2009 and ending 06/30/2010; Grace Institute's Form 990-EZ for the tax year beginning 07/01/2010 and ending 06/30/2011; Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012; FSAHS employee roster for the 2005-2012 school years provided by Mr. Sercan

⁴¹ FSAMS employee roster for the 2009-2010 school year, dated 10/06/2009, provided by FCS; Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012

⁴² Employment Agreement between FSAHS and Namik Sercan dated 06/08/2009; Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012

⁴³ Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012; Grace Institute's Form 990-EZ for the tax year beginning 07/01/2009 and ending 06/30/2010

⁴⁴ FSAHS employee roster for the 2005-2012 school years provided by Mr. Sercan; Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012

⁴⁵ Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012

Table 5: Amount of Services Provided by Grace Services by Year

School Year	Joint Roles	Amount of Grace Services
2009 – 2010	Cokavci, Ozer, Sercan	\$64,060 ⁴⁶
2010 – 2011	Ozer, Sercan	\$32,073 ⁴⁷

During the 2011 – 2012 school year, FSAHS paid Grace \$46,462.⁴⁸

We were informed that as of June 30, 2011, the FSA administrators terminated their Grace Board memberships in an attempt to eliminate any perceived conflict of interest between FSAHS and Grace. Grace continued to provide services to FSAHS after these resignations. FSAHS and Grace executed a contract on September 19, 2011. This contract was signed by Ali Ozer as Executive Director of FSAHS, and Avni Cokavci as Executive Director of Grace. The terms of this contract were for the period of September 19, 2011 through June 15, 2012.⁴⁹

We asked for a list of the officers and directors of the Grace Board for the period of July 1, 2011 through present.⁵⁰ We have not been provided this list as of the date of this report. We, therefore, cannot determine whether the overlapping FSAHS/Grace relationships have been eliminated.

Grace Employees

As of the writing of this report, per information provided to the Auditors by Mr. Ozer, Grace has employed seven (7) people. Grace's past and current employees, their positions, and their terms are depicted in Table 6.⁵¹

⁴⁶ Grace invoice #23 dated 01/18/2010; Grace invoice #26 dated 03/19/2010; Grace invoice #28 dated 05/01/2010

⁴⁷ Grace invoices dated from 09/06/2010 through 05/20/2011

⁴⁸ Grace invoices dated from 09/21/2011 through 03/30/2012

⁴⁹ Grace contract dated September 19, 2011

⁵⁰ Exhibit 1 – Email from James Yerich to Ali Ozer dated 07/11/2012, 1:18PM, "Documents Request from 6/10/12 (sic) Meeting"

⁵¹ Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012

Table 6: Grace Employees

Name	Position	Start Date	Term Date
<i>Grace Employee A</i>	Science Coach	08/01/2011	Present
<i>Grace Employee B</i>	System Specialist	08/01/2010	Present
<i>Grace Employee C</i>	Marketing Specialist	01/01/2010	Present
<i>Grace Employee D</i>	Business Manager	01/01/2009	07/30/2010
Cokavci, Avni	Executive Director	08/01/2010	Present
<i>Grace Employee E</i>	Math Coach	08/01/2010	Present
<i>Grace Employee F</i>	Turkish Language Coach	01/01/2011	Present

Four (4) of Grace's six (6) current employees are former employees of FSA schools:

- *Grace Employee A* was a Science Teacher for FSAMS from August 7, 2007 until July 31, 2009.⁵²
- *Grace Employee B* was a Network Administrator for FSAHS from August 3, 2009 until May 31, 2010.⁵³
- Mr. Cokavci was the Assistant Principal/Principal of FSAHS from August 1, 2006 until July 31, 2010.⁵⁴
- *Grace Employee F* was a Teacher for FSAMS from August 3, 2009 until December 31, 2010.⁵⁵

In addition, *Grace Employee C*, as a parent of a student, contributed funds to FSAHS,⁵⁶ as shown in Table 7: *Grace Employee C's Financial Contributions to FSAHS*.

⁵² FSAMS employee roster for the 2007-2012 school years provided by Mr. Kenan Sener; FSAMS employee roster for the 2008-2009 school year, dated 10/2008, provided by FCS

⁵³ Employment Agreement between FSAHS and *Grace Employee B* dated 08/03/2009

⁵⁴ FSAHS employee roster for the 2005-2012 school years provided by Mr. Sercan

⁵⁵ FSAMS employee roster for the 2007-2012 school years provided by Mr. Kenan Sener; FSAMS employee roster for the 2009-2010 school year, dated 10/06/2009, provided by FCS

Table 7: Grace Employee C's Financial Contributions to FSAHS

Date	Amount	Description
07/14/2008	\$15,000	Loan (converted to a donation on 09/02/2008)
09/2008	\$11,000	Donation
10/16/2009	\$7,600	Donation

During the 2009-2010 school year, Grace had one employee, *Grace Employee D*, for the full year, and a second employee, *Grace Employee C*, for the second half of the year. When interviewed on July 10, 2012, Mr. Ozer stated that neither of these Grace employees provided services to FSAHS or to any other Grace schools during the 2009-2010 school year.

Services Provided by Grace

During the 2009-2010 school year, FSAHS incurred \$64,060 in expenses for services rendered by Grace. These expenses included:

- \$900.00 for Teachers-teachers.com membership⁵⁷
- \$25,000.00 for professional services rendered for the School's District Level Renewal Process (for March 2009 – December 2009 period 100 service hours)⁵⁸
- \$38,160.00 for membership benefits including school improvement, staff development, and student services⁵⁹

As stated above, Grace had only two (2) employees during the 2009-2010 school year, and according to Mr. Ozer, neither of these employees provided services to FSAHS. We, therefore, reviewed Grace's Form 990 for the period of July 1, 2009 through June 30, 2010 in an

⁵⁶ Loan Agreement between FSAHS and *Grace Employee C* dated July 14, 2008; Letter from *Grace Employee C* to Mr. Cokavci dated September 8, 2008; Check from *Grace Employee C* to TEACH numbered 1336, dated 10/16/2009

⁵⁷ Grace invoice #23 dated 01/18/2010

⁵⁸ Grace invoice #26 dated 03/19/2010

⁵⁹ Grace invoice #28 dated 05/01/2010

attempt to determine how Grace provided these services to FSAHS. Table 8 depicts Grace's income and expenses for that period.⁶⁰

Table 8: Grace's Income and Expenses for the Period of 07/01/2009 - 06/30/2010

	Income	Expense	Net Assets
FSAES	\$0		
FSAMS	\$80,580		
FSAHS	\$64,060		
Other Grace Schools	\$146,819		
Total Income	\$291,459		
Salaries		\$68,855	
Professional fees		\$24,269	
Rent, utilities, etc.		\$19,975	
Printing		\$580	
Other expenses			
Conferences		\$10,915	
Depreciation		\$3,891	
Office expenses		\$11,560	
Travel		\$6,561	
Total Expenses		\$146,606	
Net Assets			\$205,252

Of the items listed in Table 8, the only expenses that could be related to providing services to FSAHS for the 2009-2010 school year are those for Professional fees, Printing, and Other expenses (excluding Depreciation); these total \$53,885. The income that Grace received from FSAHS accounted for 21.97% of its total income for the year. If a pro-rata portion of these expenses relate to services provided to FSAHS, FSAHS' share of such expenses would total \$11,844.

When interviewed on July 10, 2012, we asked Mr. Ozer how Grace provided services to FSAHS and Grace's other member schools during that time period. Mr. Ozer stated that he did not know who provided the services, but they could have been provided by a third party. At that time, Mr. Ozer was both a Grace Board member and the President of Grace, and yet Mr. Ozer stated that he was not dealing with day-to-day operations at Grace.

⁶⁰ Grace Institute's Form 990-EZ for the tax year beginning 07/01/2009 and ending 06/30/2010; Grace invoice #23 dated 01/18/2010; Grace invoice #26 dated 03/19/2010; Grace invoice #28 dated 05/01/2010; FSAMS Grace invoice #21 dated 01/18/2010; FSAMS Grace invoice #30 dated 05/01/2010

In an email dated July 17, 2012, Mr. Ozer provided additional information about the manner in which Grace provided services to FSAHS during the 2009-2010 school year. Mr. Ozer stated that he was “[w]aiting the Institute’s response”⁶¹ explaining who provided the District Level Renewal Process services (\$25,000 charged to FSAHS by Grace for these services) and the amount Grace incurred for these services. As of the writing of this report, this information had not been provided. Mr. Ozer also stated, “In my recollection of that year, Mr. Mert Gokkaya and Mr. Ilyas Keles were involved in developing the software for the Institute.”⁶² Based on his email, it appears that Mr. Ozer was referring to the “Moodle” software that Grace provided to FSAHS during that timeframe. Mr. Gokkaya, however, was an FSAHS employee at that time; he joined FSAHS on August 1, 2009 and, as of the end of fieldwork, he was still employed by FSAHS.⁶³ It is, therefore, not clear why FSAHS paid Grace for services that were provided by an FSAHS employee.

If Grace used third parties to provide services to FSAHS, as Mr. Ozer stated, FSAHS likely would have significantly reduced its expenses by contracting with these third parties directly, rather than contracting through Grace. Since Grace’s leadership was comprised of personnel in leadership positions at FSA schools, there was no need to engage Grace as a middle-man between the schools and the third parties. We were, therefore, unable to determine the reason for or the value of the significant mark-up that Grace provided to FSAHS for any third-party services.

3.4 Immigration and Hiring Practices

From February 13, 2009 through March 20, 2012, FSAHS incurred \$39,636 in expenses to cover immigration fees for ten people.⁶⁴ Nine of the ten people were employees or became employees of FSAHS. One person was a candidate for employment, but was ultimately denied a visa, and, thus, did not become an FSAHS employee. Refer to Table 10 for further details. These immigration expenses were for legal services provided by the Law Office of Cherie E. Cookorinis.

⁶¹ Exhibit 3 – Email from Ali Ozer to James Yerich, dated 07/17/2012, 12:12PM, “RE: Documents Request from 6/10/12 (sic) Meeting”

⁶² Exhibit 3 – Email from Ali Ozer to James Yerich, dated 07/17/2012, 12:12PM, “RE: Documents Request from 6/10/12 (sic) Meeting”

⁶³ FSAHS employee roster for the 2005-2012 school years provided by Mr. Sercan

⁶⁴ Invoices from the Law Office of Cherie E. Cookorinis, P.C. dated 02/06/2009 through 03/20/2012

In an email dated July 9, 2012, Mr. Sercan described the school's immigration policy as follows:

*it (sic) is FSA HS policy to consider all applicants for employment irrespective of work authorization status at the time of the job application and then to assist selected applicants in obtaining appropriate work authorization before beginning their employment. The assistance needed is determined by the school administration on a case-by-case basis. Historically, the school paid attorney fees, and other governmental fees for the selected applicant and his/her family.*⁶⁵

When interviewed on July 10, 2012, Mr. Ozer explained why FSAHS looked abroad to hire employees. Mr. Ozer stated that FSAHS could not hire "quality teachers" locally at the salaries FSAHS was willing to pay. Mr. Ozer explained that FSA schools paid lower salaries than that of a first year FCS teacher. Mr. Ozer also stated that the FSA schools were very demanding and needed very good teachers that not only had content knowledge, but were also willing to "go the extra mile." According to Mr. Ozer, the schools did not necessarily look for experienced teachers. Mr. Ozer stated that he felt teachers with a lot of experience were not a good fit for FSA schools, because they had pre-conceived ideas about how a school should operate.

Mr. Ozer stated that the local teachers that applied at the FSA schools were not qualified because the school was so demanding and the salaries were low. Mr. Ozer stated, however, that the school could hire very good international teachers for the salaries offered. We noted that some of the teachers recruited from Turkey had teaching experience and some did not.

During our review of FSAHS' immigration and hiring procedures and practices, we asked Mr. Sercan to provide copies of the following:

*All job postings including position to fill, date of posting, location of posting, applications/resumes received, name of applicant selected to fill the position.*⁶⁶

As of the writing of this report, we received the information listed in Table 9 in response to this request.

⁶⁵ Email from Namik Sercan to James Yerich dated 07/09/2012, 5:32PM, "clarifications on your questions"

⁶⁶ Exhibit 4 – Email from James Yerich to Namik Sercan dated 07/02/2012, 7:17PM, "Documents List"

Table 9: Job Posting Information Provided by Mr. Sercan

Date	Document	Description
08/17/2011	Email correspondence with craigslist ⁶⁷	Job posting for an Interrelated Resource Teacher; no description of the position is provided
12/13/2011	Email correspondence with craigslist ⁶⁸	Job posting for a Part time French teacher; no description of the position is provided
03/27/2012	Email correspondence with craigslist ⁶⁹	Job posting for teachers; no descriptions of the positions are provided
04/10/2012	Email correspondence with the AJC ⁷⁰	Job posting for teachers of various subjects. The posting states, “At least one year teaching experience at a high school is required.”
07/11/2012	craigslist job posting ⁷¹	Job posting for teachers of various subjects.

We were not provided with copies of any applications or resumes submitted for each of these positions, nor were we provided with the names of the candidates selected to fill these positions.

Governing Board Members Unaware of Immigration Needs and Expenses

During our interviews with Governing Board members, we inquired about FSAHS’ need to go abroad to find qualified teachers. The Governing Board members stated that while the board had discussed hiring personnel and terminating (or not renewing) teacher contracts, during their terms, the Governing Board had not discussed immigration.

One Governing Board member stated that the board had never discussed the need to hire from Turkey. Another Governing Board member stated that the Board had never discussed issues with finding qualified teachers locally. A third Governing Board member stated that he/she did not know why the school would not hire teachers locally and would, instead, go to Turkey. This member argued strongly against Mr. Ozer’s statement that the school could not find qualified

⁶⁷ Email from craigslist.org to Namik Sercan dated 08/17/2011, 6:16PM, “craigslist post 2552291583: ‘Interrelated Resource Teacher needed’”

⁶⁸ Email from craigslist.org to Namik Sercan dated 12/13/2011, 11:35AM, “craigslist post 2750946117: ‘Part time French teacher needed’”

⁶⁹ Email from craigslist.org to Namik Sercan dated 03/27/2012, 9:00AM, “craigslist post 2924769052: ‘Teachers needed!’”

⁷⁰ Email from Alice Williams of the AJC copied to Namik Sercan dated 04/10/2012, 5:26PM, “RE: Print and online Ad”

⁷¹ Craigslist job posting for “teachers needed (Alpharetta, GA)” dated 07/11/2012, 11:21AM

teachers locally for the salaries offered; the board member’s specific response to this statement was, “That is B.S.”

These same Governing Board members were not aware of any immigration expenses that had been paid for by the school. One member stated that the financial statements did not include a line item for immigration expenses, so it was not immediately obvious how much, if anything, the school was paying for these expenses.

Qualifications and Experience

Mr. Ozer stated that the teachers for whom immigration expenses were paid were highly qualified. When we asked whether FSA considered teaching experience and grade point averages when making hiring decisions, Mr. Ozer did not provide us with any specific metrics that the school used to evaluate a candidate. He instead stated that they knew the good schools in Turkey and in the U.S., and the schools’ teachers had graduated from reputable universities. In addition, he stated that FSA’s personnel and external contacts knew many of these candidates, and FSA relied on its contacts to vet candidates.

We reviewed the invoices from the Law Office of Cherie E. Cookorinis and cross-referenced these invoices to rosters provided by FCS to determine for which candidates/employees FSAHS incurred immigration expenses and the position that each employee filled. Information regarding each teacher’s immigration expenses, position and application data are shown in Table 10.

Table 10: Immigrant Employees Qualifications and Experience

Name	Immigration Expenses	Position	Qualifications, Experience and Notes
<i>FSA Employee B</i>	\$1,535.00 ⁷²	Computer Teacher	<ul style="list-style-type: none"> • BS Computer Education and Instructional Technology • MS in Applied Computer Science • GPA ranged from 3.08-3.55/4.0 • One (1) year of teaching experience at FSAMS⁷³

⁷² Law of Cherie E. Cookorinis, P.C. invoice #081143 dated 08/19/2011

⁷³ *FSA Employee B*’s Application for Professional Employment dated 05/18/2011

Name	Immigration Expenses	Position	Qualifications, Experience and Notes
<i>FSA Employee C</i>	\$3,190.00 ⁷⁴	Math Teacher	<ul style="list-style-type: none"> BS Math Education GPA 2.46/4 Zero (0) years of teaching experience after receiving BS (stated that he taught for one year at a high school in Turkey prior to receiving his BS)⁷⁵
Avni Cokavci	\$7,895.00 ⁷⁶	Principal Assistant Principal	On July 2, 2012, we requested a copy of Mr. Cokavci's application and resume from Mr. Sercan. As of the writing of this report, we have not yet received this information. ⁷⁷
<i>FSA Employee D</i>	\$2,530.00 ⁷⁸	Assistant Principal	<ul style="list-style-type: none"> BS in Chemistry Incomplete PhD in Chemistry GPA 2.68/4 Five (5) years of teaching experience at <u>FSAMS</u>⁷⁹
<i>FSA Employee G</i>	\$1,530.00 ⁸⁰	Computer Science Teacher/IT Specialist	<ul style="list-style-type: none"> BS in Computer Education GPA 3.1/4 Two (2) years of teaching experience at FSAMS In the 2008-2009 FSAMS yearbook, <i>FSA Employee G</i> is referred to as the "Technical Support Specialist"⁸¹
<i>FSA Employee H</i>	\$1,760.00 ⁸²	Network Admin. Teacher	<ul style="list-style-type: none"> BS in Electrical Engineering GPA 2.41/4 One (1) year at FSAMS as a System and Network Administrator⁸³
<i>FSA Employee I</i>	\$930.00 ⁸⁴	Math/Physics Teacher	<ul style="list-style-type: none"> BS Physics GPA 2.4/4 Zero (0) years of teaching experience after receiving BS (stated that he tutored for five years in Turkey).⁸⁵

⁷⁴ Law of Cherie E. Cookorinis, P.C. invoice #101001 dated 10/01/2010; Law of Cherie E. Cookorinis, P.C. invoice #121002 dated 12/02/2010

⁷⁵ *FSA Employee C's* Application for Professional Employment dated 09/07/2010

⁷⁶ Law of Cherie E. Cookorinis, P.C. invoice #20907 dated 02/06/2009; Law of Cherie E. Cookorinis, P.C. invoice #30932 dated 03/06/2009; Law of Cherie E. Cookorinis, P.C. invoice #40920 dated 04/14/2009

⁷⁷ Exhibit 4 – Email from James Yerich to Namik Sercan dated 07/02/2012, 7:17PM, "Documents List"

⁷⁸ Law of Cherie E. Cookorinis, P.C. invoice #091024 dated 09/15/2010

⁷⁹ *FSA Employee D's* Application for Professional Employment dated 09/07/2010

⁸⁰ Law of Cherie E. Cookorinis, P.C. invoice #061015 dated 06/09/2010

⁸¹ *FSA Employee G's* Application for Professional Employment dated 05/19/2010; FSAHS 2008-2009 Yearbook

⁸² Law of Cherie E. Cookorinis, P.C. invoice #091150 dated 09/29/2011

⁸³ *FSA Employee H's* Application for Professional Employment dated 08/03/2011

⁸⁴ Law of Cherie E. Cookorinis, P.C. invoice #90909 dated 09/02/2009; Law of Cherie E. Cookorinis, P.C. invoice #100915 dated 10/16/2009

Name	Immigration Expenses	Position	Qualifications, Experience and Notes
<i>FSA Employee J</i>	\$14,516.46 ⁸⁶	Teacher/Asst. Admin of Academic Events	<ul style="list-style-type: none"> • BS Systems Engineering • MS System and Control Engineering • GPA (MS) 3.14 • Zero (0) years of teaching experience • When asked if he had any questions or concerns, “Visa” was the response denoted in interview notes.⁸⁷
<i>FSA Employee K</i>	\$2,760.00 ⁸⁸	Math Teacher	<ul style="list-style-type: none"> • BS Math • GPA 2.8 • Four (4) years of private tutoring (grades 6-12)⁸⁹
<i>FSA Candidate A</i>	\$2,990.00 ⁹⁰	Candidate	<ul style="list-style-type: none"> • Not hired by FSAHS due to visa denial • FSAHS did not provide any information (i.e. application or resume) about this candidate.

We note that several of these individuals had either no prior teaching experience or one year at FSAMS and/or had C grade point averages from their respective colleges. We were not able to compare these qualifications to the qualifications of other candidates that applied for the same positions as we were not provided copies of the credentials of the candidates who were not selected.

Immigration Costs Paid for Family Members

As specified above in Section 3.4, it is FSAHS’ policy to pay immigration expenses for an employee and his/her family. In the July 10, 2012 interview, Mr. Ozer stated that it was industry practice to pay for the family’s immigration costs, and that such payments were just part of employee benefits.

⁸⁵ *FSA Employee I’s* Application for Professional Employment dated 07/13/2009

⁸⁶ Law of Cherie E. Cookorinis, P.C. invoice #061010 dated 06/02/2010; Law of Cherie E. Cookorinis, P.C. invoice #061016 dated 06/09/2010; Law of Cherie E. Cookorinis, P.C. invoice #101031 dated 10/26/2010; Law of Cherie E. Cookorinis, P.C. invoice #111034 dated 11/30/2010; Law of Cherie E. Cookorinis, P.C. invoice #121025 dated 12/17/2010; Law of Cherie E. Cookorinis, P.C. invoice #031215 dated 03/12/2012

⁸⁷ *FSA Employee J’s* Application for Professional Employment dated 05/15/2007; *FSA Employee J* Interview Notes dated 05/15/2007

⁸⁸ Law of Cherie E. Cookorinis, P.C. invoice #121017 dated 12/15/2010

⁸⁹ *FSA Employee K’s* Application for Professional Employment dated 10/21/2010

⁹⁰ Law of Cherie E. Cookorinis, P.C. invoice #111127 dated 11/16/2011

FSAHS paid immigration fees on behalf of *FSA Employee J* and his wife totaling \$10,150. The immigration expenses that included references to *FSA Employee J's* wife are as follows:

Table 11: Immigration Expenses Tied to *FSA Employee J's* Wife

Date	Amount	Description
06/02/2010	\$1,530	Preparing and filing an H-1B visa renewal under affiliation with KSU on behalf of <i>FSA Employee J</i> ; including an H-4 extension on behalf of spouse. ⁹¹
06/09/2010	\$1,530	Preparing and filing an H-1B visa petition (without affiliation) on behalf of <i>FSA Employee J</i> ; including an H-4 extension on behalf of spouse. ⁹²
03/07/2012	\$7,090	Preparing and filing an Immigrant Visa Petition (I-140) and Adjustment of Status (I-485) on behalf of <i>FSA Employee J</i> , including an Adjustment of Status on behalf of spouse and travel and work permits for both. ⁹³

Immigration Costs Paid for Employees who Resign Soon After

FSAHS incurred a total of \$11,085 in immigration fees for two employees that left the school less than 16 months after these fees were paid.

From October 1, 2010 through December 2, 2010, FSAHS incurred \$3,190 in immigration expenses for *FSA Employee C*. These expenses covered legal services for “Preparing and filing an H-1B visa petition (with Premium Processing).”⁹⁴ *FSA Employee C* was employed by FSAHS for less than four months, from February 16, 2011 through June 1, 2011.⁹⁵ *FSA Employee C* left the school less than eight months after FSAHS paid these immigration fees. *FSA Employee C* left FSAHS to work at River City Science Academy, another Grace school which is located in Florida.⁹⁶

⁹¹ Law of Cherie E. Cookorinis, P.C. invoice #061010 dated 06/02/2010

⁹² Law of Cherie E. Cookorinis, P.C. invoice #061016 dated 06/09/2010

⁹³ Law of Cherie E. Cookorinis, P.C. invoice #031215 dated 03/12/2012

⁹⁴ Law of Cherie E. Cookorinis, P.C. invoice #101001 dated 10/01/2010; Law of Cherie E. Cookorinis, P.C. invoice #121002 dated 12/02/2010

⁹⁵ Employment Agreement between FSAHS and *FSA Employee C* dated 02/16/2011

⁹⁶ River City Science Academy Newsletter 2001 Issue 1, http://rivercityscience.org/images/stories/FILES/PDF/Newsletter/Newsletter_2011_Issue1.pdf

From February 6, 2009 through April 14, 2009, FSAHS incurred \$7,895 in immigration expenses for Mr. Avni Cokavci. These expenses covered legal services for “Immigrant Petition and Adjustment of Status applications, including applications for employment and travel authorization.”⁹⁷ Mr. Cokavci left FSAHS on July 31, 2010 to join Grace, less than 16 months after FSAHS paid these immigration fees.⁹⁸

Immigration Costs Paid for a Candidate Not Ultimately Hired

On November 16, 2011, FSAHS incurred \$2,990 in immigration expenses for *FSA Candidate A*. These expenses covered legal services for “Preparing and filing an H-1B visa petition (with Premium Processing).”⁹⁹ At that time, *FSA Candidate A* was not an FSAHS employee, nor has he subsequently become an employee of FSAHS.

According to Mr. Sercan, *FSA Candidate A* was a candidate for employment. Mr. Sercan stated that *FSA Candidate A* applied for a visa, but his application was denied. Mr. Sercan did not know why the application was denied, but speculated that the visa quota had been exceeded for that year. Mr. Sercan stated that he would find out the exact reason for the visa denial, but as of the writing of this report, he had not provided this information.

Mr. Ozer stated that it was the school’s decision to pay immigration costs, even if the candidate was not ultimately hired. He said it was essentially costs the school was willing to incur since he believed the school’s results spoke for itself.

Immigration Expenses Paid by FSAMS

On September 15, 2010, FSAHS incurred \$2,530 in immigration expenses for *FSA Employee D*. These expenses covered legal services for the preparation and filing of an H-1B transfer.¹⁰⁰

In our prior audit of FSAMS, we noted that FSAMS incurred \$1,070 in immigration expenses, on July 13, 2011, for *FSA Employee D* (as the spouse of *FSA Employee E*). These expenses covered legal services for the preparation and filing of an Adjustment of Status (I-

⁹⁷ Law of Cherie E. Cookorinis, P.C. invoice #20907 dated 02/06/2009; Law of Cherie E. Cookorinis, P.C. invoice #30932 dated 03/06/2009; Law of Cherie E. Cookorinis, P.C. invoice #40920 dated 04/14/2009

⁹⁸ FSAHS employee roster for the 2005-2012 school years provided by Mr. Sercan; Exhibit 2-D Grace Institute Board and Employee Information.pdf provided electronically by Mr. Ozer on May 7, 2012

⁹⁹ Law of Cherie E. Cookorinis, P.C. invoice #111127 dated 11/16/2011

¹⁰⁰ Law of Cherie E. Cookorinis, P.C. invoice #091024 dated 09/15/2010

485).¹⁰¹ *FSA Employee E* was an employee of FSAMS.¹⁰² *FSA Employee D* was an employee of FSAMS from August 2, 2007 until January 31, 2010;¹⁰³ he was subsequently hired by FSAHS on October 1, 2010.¹⁰⁴

We have not been provided any evidence indicating that FSAHS reimbursed FSAMS for the cost of the immigration services provided to *FSA Employee D*.

Cultural Training for International Teachers

FSAHS paid for more than immigration expenses for the employees recruited from abroad. According to Mr. Ozer, FSAHS also paid for cultural training, provided by Grace Institute, for these employees. The Grace invoices and contracts did not specifically indicate the portion of its fees that were related to cultural training. It does raise the question, however, of how much FSAHS paid for these benefits (immigration and cultural training) at the expense of offering more competitive salaries.

3.5 Governing Board

In the FSAHS Charter School Renewal Proposal dated August 2009, the role and responsibilities of the Governing Board are described as follows:

The governing board's ultimate responsibility is to uphold the mission and the goals of the school voluntarily without any compensation. Specifically, the governing board will have the following responsibilities:

- *Establishing general policies of the school and monitoring the implementation of these policies by the principal and/or duly constituted committees*
- *Ensuring that the activities of the school are in full alignment with the mission of the school*
- *Approving, adopting, and monitoring the school's annual budget and employee salaries including teacher's salaries*
- *Receiving funds for the operation of the school in accordance with the charter school laws*
- *Soliciting grants and donations consistent with the mission of the school*

¹⁰¹ Law of Cherie E. Cookorinis, P.C. invoice #071125 dated 07/13/2011

¹⁰² FSAMS employee roster for the 2007-2012 school years provided by Mr. Sener

¹⁰³ FSAMS employee roster for the 2007-2012 school years provided by Mr. Sener

¹⁰⁴ FSAHS employee roster for the 2005-2012 school years provided by Mr. Sercan

- *Appointing the principal and any other responsibilities described in the articles of incorporation and the by-laws of Fulton Educational Services, Inc. to ensure the proper functioning of the school.*

*The Board will not micro-manage the school and will adhere to the principal (sic) that the role of the governing board is to make policies to run the school and supervise the execution of those policies.*¹⁰⁵

According to the charter renewal proposal, the Governing Board should consist of a total of seven (7) members:¹⁰⁶

- Three (3) appointed, each for a two-year term
- Four (4) elected by parents, two for a two-year term, and two for a one-year term

Numerous Governing Board members stated that there were several unfilled positions on the board. Mr. Ozer also stated that there may be vacancies on the Governing Board due to terms ending. One member stated that Governing Board members were always talking to people to get them interested in serving on the Board. This member further stated that an audit revealed that there was low participation by parents, so the Governing Board was looking to increase parent participation.

In the course of our engagement, we interviewed several Governing Board members to gain an understanding of the school governance operations and the inner-workings of the Governing Board. Following are more detailed findings related to the Governing Board and the overall school governance.

Governing Board Domination by Messrs. Ozer and Korucu

Multiple Governing Board members stated that Messrs. Ozer and Korucu dominated the Governing Board. One Governing Board member stated that he/she felt that the Turkish leadership had reins over the Governing Board, and that two specific people, Messrs Ozer and Korucu, were directing the board. Another Governing Board member stated, “In my opinion, the board was dominated,” naming Mr. Korucu and Mr. Ozer. Mr. Korucu was the Governing Board president until this summer, when he stepped down. Mr. Ozer is not a member of the

¹⁰⁵ FSAHS Charter School Renewal Proposal

¹⁰⁶ FSAHS Charter School Renewal Proposal

Governing Board; however, he was the Executive Director of all three FSA schools until the end of July 2012.¹⁰⁷

One Governing Board member also felt that the permanent board members, those appointed by Fulton Educational Services, Inc., all voted the same way, for the most part. The member further stated that there were times when differences arose between the parents and the permanent Governing Board members, and healthy discussions would ensue. According to this member; however, the parent members of the Governing Board were typically overridden.

Governing Board Developed No Policies

Several of the Governing Board Members stated that the Governing Board did not develop policies during their tenure. One Governing Board member stated, “We didn’t really develop policies, not when I was on the board.” Another Governing Board member stated that the Governing Board had reviewed some policies, but had not developed any new policies. This member further stated that the school needs revisions to its by-laws, and a full review of its policies and procedures.

Grace Institute Conflict of Interest

Numerous Governing Board members expressed serious concerns about the school’s relationship with Grace Institute, stating that they felt this relationship constituted a conflict of interest. These Governing Board members stated that they felt a conflict existed with Mr. Ozer serving as Executive Director of the FSAHS schools and on the Grace Board at the same time.

We were told that when these members brought their concerns to the Governing Board, a lengthy discussion ensued. One member stated that after this discussion, he/she was told, “Just because there is a financial component, does not mean there was a conflict of interest.” Another Governing Board member stated he/she was told that lawyers had reviewed the school’s relationship with Grace, and these lawyers said there was no conflict of interest because Mr. Ozer was not getting paid by Grace.

One of these members subsequently said, about the Grace relationship, “Even at best, it’s a perceived conflict of interest.” This member further stated that conflicts can exist if the organization decides that it is “OK,” but the Governing Board never approved this conflict of

¹⁰⁷ Mr. Sercan informed us of this change during our interview on July 2, 2012

interest. This member also stated that Mr. Ozer did not leave the room when the Governing Board discussed Grace.

Supervision and Evaluation of Executive Director

When interviewed, Mr. Ozer stated that, in his role as Executive Director, he reported to the Governing Board.

Several of the Governing Board members stated that they did not know to whom Mr. Ozer reported. In fact, one member stated, about Mr. Ozer, “Isn’t he the owner?” The board member further stated that during his/her tenure, the board had not evaluated Mr. Ozer. Another Governing Board member stated that the board was not supervising or evaluating Mr. Ozer. The member further stated, “I don’t know who Mr. Ozer reported to. I thought he was the top guy at the charter school.” A third Governing Board member stated, about Mr. Ozer, “I assumed that he reported to Mr. Korucu.”

Appointment of Principal

When interviewed, Mr. Ozer stated that the principal’s position was not historically open to applications. He further stated that when “we” saw that there was a need to fill an administrative position, “we” looked at our pool of employees. Mr. Ozer further stated that the Executive Director (Mr. Ozer, himself) recommended to the Governing Board who should be hired to fill the administrative position; Mr. Ozer typically recommended the next person in the queue.

One Governing Board member stated that when Mr. Cokavci suddenly resigned giving “maybe two-weeks notice,” Mr. Sercan was recommended for the principal’s position. The member further stated that it made sense to promote Mr. Sercan, since he had been the assistant principal. No external search for qualified candidates was, therefore, performed. The same Governing Board member also stated that if there was a need to hire another principal, he/she would expect to advertise the open position and perform a search for qualified candidates.

The Governing Board Meeting Minutes confirm that, on at least two occasions, the principal position was filled based solely on a recommendation to the Governing Board, and without performing an external search for qualified candidates. The Executive Director position was filled in the same manner.

At the July 12, 2008 Governing Board Meeting, Mr. Ozer, the residing Principal at that time, first explained why FSAHS needed an Executive Director, and then recommended that Mr. Ozdemir be appointed the (pro-bono) Executive Director of FSAHS. As stated in the July 12, 2008 Governing Board Meeting Minutes, “The Board was informed that Mr. Ozdemir will be a non-voting member of the Board and will sit with the Board in future Board Meetings.”¹⁰⁸ The Governing Board unanimously approved Mr. Ozdemir’s appointment to Executive Director. We did not find any mention of the need for an Executive Director in any prior Governing Board Meeting Minutes dating back to July 29, 2006.

On July 12, 2008, immediately following his appointment to Executive Director, Mr. Ozdemir announced that Mr. Ozer had submitted his resignation effective August 1, 2008.¹⁰⁹ After the Governing Board unanimously accepted Mr. Ozer’s resignation, Mr. Ozdemir recommended that Mr. Cokavci be appointed the Principal of FSAHS. Once again, the Governing Board unanimously approved Mr. Cokavci’s appointment to Principal.

Mr. Sercan was appointed to the position of Principal in the same manner that Mr. Cokavci was appointed. In the July 23, 2010 Governing Board Meeting, Mr. Cokavci announced his resignation.¹¹⁰ After the Governing Board accepted Mr. Cokavci’s resignation, Mr. Cokavci recommended that Mr. Sercan be appointed the Principal of FSAHS. The Governing Board unanimously approved Mr. Sercan’s appointment to Principal. We noted, however, that Mr. Sercan had signed an FSAHS Employment Agreement to be the Principal of FSAHS on May 28, 2010.¹¹¹ This employment agreement was signed nearly two months prior to receiving Governing Board approval to fill this position.

Hiring of Qualified Teachers

As discussed above in Section 3.4, Mr. Ozer stated that FSAHS could not hire “quality teachers” locally at the salaries FSAHS was willing to pay. Numerous Governing Board members stated, however, that the board had never discussed the need to hire from Turkey (see Section 3.4 for further detail).

¹⁰⁸ FSAHS Governing Board Meeting Minutes dated 07/12/2008

¹⁰⁹ FSAHS Governing Board Meeting Minutes dated 07/12/2008

¹¹⁰ FSAHS Governing Board Meeting Minutes dated 07/23/2010

¹¹¹ Employment Agreement between FSAHS and Namik Sercan dated 05/28/2010

Immigration Expenses

As discussed above, numerous Governing Board members stated that they were not aware of any immigration expenses that had been paid for by the school. Immigration expenses did not appear as a line item on the financial statements. Without access to QuickBooks or the ability to drill down into legal expenses, one would not be aware of the immigration expenses incurred by FSAHS.

Length of Governing Board Terms

One Governing Board member expressed serious concerns about the length of the Governing Board terms. The member was displeased with having a term that lasted only one year, and asked, “How can you know what’s going on for a one-year term, especially when the meetings are every other month?” This member stated that he/she felt that no one should have a one-year term, because a member with a one-year term could not have any influence on the board. This member further stated that he/she believed the terms should be staggered and should last for 2-3 years so that there would always be knowledgeable people on the board. This member also said that there should be no permanent board members. Another Governing Board member stated that a mix of old and new board members would be ideal; older members could provide history, while new members could bring new ideas to the table.

Parents Want Change

One Governing Board member stated that the parents wanted a significant change on the board. This member stated, “We have quite a few parents that would like to take control of the board.” The same board member thought that there was a lot of opportunity for improvement. Multiple Governing Board members also stated that they would like to hire an attorney to advise the board.

3.6 Transportation - School Custodian

Several interviewees, including Mr. Sercan, informed us of transportation provided to certain students. *FSA Employee A*, the custodian at FSAHS, drove students in a large van over the course of the last several years.

In an interview on July 2, 2012, Mr. Sercan told us that he had approached the YMCA and the Istanbul Center for help in transporting the students to/from the MARTA drop-off

location (near the McDonalds at the corner of Old Milton Pkwy and North Point Pkwy) and the Istanbul Center asked a businessman, who helped by providing the van. He stated that the businessman covered all of the costs of the van, including insurance, gas, maintenance, etc. The school covered no expense for the van. The custodian then approached the businessman for permission to transport students to and from his apartment complex and permission was granted. Mr. Sercan stated that the van was only used to transport kids to/from the McDonalds near MARTA, to/from the Azalea Drive apartments and was also used by the PE teacher for a class conducted at a park three miles from the school. The custodian was the sole driver of the van.

On July 3, 2012, Mr. Sercan stated that he was incorrect about the businessman. Instead, he stated that the custodian obtained the van from a friend in the community. The van was owned by the custodian's friend, not a businessman connected with the Istanbul Center. He further stated that the school had no affiliation or connection with the Istanbul Center and it was just one of several community organizations that he contacted when he needed assistance. Mr. Sercan re-verified to the Auditors that the van had insurance through the owner. Mr. Sercan stated he would provide the name of the owner of the van. As of the writing of this report, we had not been provided that information.

Mr. Sercan provided the Auditors with consent forms for the students who he stated were transported to/from the McDonalds near MARTA (all dated 2010).¹¹² The consent form states the following:

To whom it may concern;

I, _____, the parent of _____ I give fully consent to all FSA HS parents/FSA HS employees/individuals designated by the FSA HS principal to provide transportation from the bus stop nearby the intersection of North Point Pkwy and Old Milton Pkwy to the school. FSA HS administration is fully authorized to arrange transportation from/to the school with any individuals designated by the school. Any individual who help with and provide transportation to students are not liable for any occurrence that may happen during the transportation.

¹¹² Sample of a van consent form provided by Mr. Sercan

When we inquired of Messrs. Sercan and Ozer regarding the driving of the children, they both stated that it was purely a carpooling situation and the school had no liability. The consent forms, however, raised questions about the arrangements, as they stated the principal designated the driver and there was no indication that the school was absolved of any liability should there be an incident.

According to the Governing Board members interviewed, they were never informed that the van and the custodian driver were not insured by the school. They were aware of the van, but thought they had insurance. In September 2011, the Governing Board voted to increase the custodian's pay for travel duties.¹¹³

We asked Mr. Sercan whether the custodian had a specialized driver's license to transport the children. Mr. Sercan stated he would find out. As of the writing of this report, we were provided that information. Mr. Sercan further stated that the shuttle will not be available next year.

3.7 Turkey Trips

Each year, FSAHS organized trips to Turkey and invited its students and their parents to participate. We interviewed Mr. Sercan, various trip participants and others familiar with the trips and noted the following:

Security Measures

We inquired about the security measures taken with regard to field trips to Turkey. Mr. Sercan stated that parents and students were segregated when traveling in Turkey. He also stated that because the parents and students were segregated, no background checks were performed on any participating parents. He did acknowledge that the students and adults may see each other during the trips, stating that they may stay at the same location and be at various touring locations at the same time, but they were instructed not to interact.

Accommodations

According to Mr. Sercan, students stayed on school campuses in Turkey, specifically naming Private Coskun High School(s) ("Coskun"). According to PowerPoint presentations at both FSAHS and FSAMS, potential accommodations for the Turkey trips would be any

¹¹³ FSAHS Governing Board Meeting Minutes dated 09/17/2011

combination of hotels, dormitories and with host families.¹¹⁴ No persons interviewed that participated on the trips had any knowledge of students staying in personal residences.

No Clear Itinerary

We were also informed by trip participants that the accommodations (other than perhaps the first night stay) were not known in advance of the trip. They informed us that the itinerary was “loose” and accommodations were often arranged the day of arrival in a particular locale. One person cited chaperones/leaders calling hotels and other contacts to check on availability for the night.

No itinerary that the trip participants (that we interviewed) were provided included any addresses of the nightly accommodations. According to the FSAHS website and the trip participants, the itineraries posted or provided in advance of the trip were “tentative.”¹¹⁵ This was the same for FSAMS and another Grace school.¹¹⁶ None of the tentative itineraries included specific addresses or locations either.

On July 2, 2012, Mr. Yerich requested in writing the specific locations where students and chaperones stayed by date from Mr. Sercan. Mr. Yerich followed up in writing with Mr. Ozer on July 11, 2012 and July 17, 2012¹¹⁷ with the same question, but as of the writing of this report, we were provided information for only the 2012 Spring Break trip.

Trip itineraries provided to us in the course of the audit also did not include any specific addresses, names of hotels or schools where the students were to stay.

FCS Operating Guidelines – Field Trips

According to counsel for FCS, the Operating Guidelines relating to Field Trips are not among those that a charter school can waive due to its relationship to student safety and security.

¹¹⁴ FSAHS Trip to Turkey 2011 powerpoint, slide 4; FSAMS Spring Break Turkey Trip 2010 powerpoint, slide 6

¹¹⁵ FSA HS 4th Annual International Trip to Turkey Spring Break, 2011 “Tentative International Trip Itinerary”

¹¹⁶ FSA MS 6th Annual International Trip to Turkey Spring Break, 2010 “Tentative International Trip Itinerary”; Sweetwater Branch Academy website (January 23, 2010) “SWBA Spring Break Turkey Trip – Tentative Itinerary”

¹¹⁷ Exhibit 4 – Email from James Yerich to Namik Sercan dated 07/02/2012, 7:17PM, “Documents List”; Exhibit 1 – Email from James Yerich to Ali Ozer dated 07/11/2012, 1:18PM, “Documents Request from 6/10/12 (sic) Meeting”; Exhibit 2 – Email from James Yerich to Ali Ozer dated 07/17/2012, 10:30AM, “RE: Documents Request from 6/10/12 (sic) Meeting”

The FCS Operating Guidelines for Field Trips include the following specific procedures, among others:

2. Request Form Approval Timeline: ...*Out-of-Country: Written request to superintendent or designee three (3) months prior to departure.*

3. Approvals Needed: ...*Out-of-Country: Principal, area superintendent, superintendent or designee prior to student departure. A written request accompanied by the International Travel Request/Approval Form must be presented to the superintendent or designee three (3) months prior to departure for preliminary approval and resubmitted to the superintendent or designee prior to departure for final approval. No deposits or preliminary agreements with booster groups, travel agencies, etc., for trips shall be made prior to final approval.*¹¹⁸

We inquired of FCS whether FSAHS had ever requested or obtained approval for the out-of-country trips and were informed that they had not, though FCS was aware of the field trips from year to year.

The stated guidelines for “non-school sponsored” trips require:

*No funds for non-school sponsored trips may be solicited or accepted during instructional time, no school system supplies may be used in support of such trips, and meetings to plan such trips may not be held in school facilities. When a school employee plans a non-school sponsored trip involving students, the principal must be notified in writing. The employee planning the trip must inform the parents, in writing, that the trip is not school sponsored and that the School District takes no responsibility for the trip.*¹¹⁹

Although we were told that the trips were intended to be “non-school sponsored,” we observed the following:

- The Governing Board approved the Spring Break Turkey trips;¹²⁰

¹¹⁸ Fulton County Schools IFCB (2) Operating Guideline – Field Trips; II. Non-School Sponsored Trips

¹¹⁹ Fulton County Schools IFCB (2) Operating Guideline – Field Trips; IV Non-School Sponsored Trips

¹²⁰ FSAHS Governing Board Meeting Minutes dated 05/17/2008; FSAHS Governing Board Meeting Minutes dated 11/15/2008; FSAHS Governing Board Meeting Minutes dated 03/21/2009; FSAHS Governing Board Meeting Minutes dated 03/30/2010; FSAHS Governing Board Meeting Minutes dated 09/18/2010; FSAHS Governing Board Meeting Minutes dated 11/19/2011

- The trips were promoted within the school on a bulletin board with pictures of the trip¹²¹ and in the school newsletters;¹²²
- The trip application form, parent consent forms and liability release form for medical treatment all referenced FSAHS or the “FSAHS – Spring Break Turkey Trip”¹²³;
- The planning meetings were held at the school; and
- There was no evidence that any participant was informed that the trip was not school sponsored and that the School District took no responsibility for the trip.

Travel Costs and Arrangements

FSAHS made the travel arrangements for the participants between the U.S. and Turkey.

We inquired whether the Istanbul Center was involved in any way with the funding or covering of trip costs. Mr. Sercan stated they were not involved in any way. The reason for our inquiry was that in multiple presentations, FSA and a related Grace school stated there were “...discounts from Istanbul Center to those students...” with certain grade point averages.¹²⁴

Mr. Ozer clarified that the Istanbul Center was involved, but did not provide any monetary assistance. Rather, the Istanbul Center had numerous contacts within Turkey that could assist with in-kind donations for the benefit of trip participants, such as free admission tickets to amusement parks and other venues. We did note, however, that at the May 17, 2008 Governing Board meeting, Mr. Ozer reported that the Turkish-American Chamber of Commerce would be paying all expenses for one teacher to chaperone the students on the upcoming Turkey Trip.¹²⁵

According to Mr. Sercan, the travel and food arrangements within Turkey were made and paid for by others within Turkey. Such travel, according to Mr. Sercan and the trip participants we interviewed, included airlines and buses to transport participants from one region of the country to another.

¹²¹ Observed bulletin board of Turkey trip photos on wall of the school by the elevator bank

¹²² Examples include October 17, 2011, October 24, 2011, October 31, 2011 and April 9, 2012 FSAHS online newsletters

¹²³ FSA HS Spring Break Turkey Trip, 2011 Trip Permission, Medical, and Consent Form; Liability Release; FSA High School Spring Break Turkey Trip Parent Approval Form

¹²⁴ FSAHS Trip to Turkey 2011 powerpoint; FSAMS Spring Break Turkey Trip 2010 powerpoint; Sweetwater Branch Academy website (January 23, 2010) “SWBA Spring Break Turkey Trip – Tentative Itinerary”

¹²⁵ FSAHS Governing Board Meeting Minutes dated 05/17/2008

The following summarizes the details Mr. Sercan shared with Ms. Salem and Mr. Yerich:

In 2006, or around the time when Fulton Science Academy High School (FSAHS) was founded, FSAHS made a mutual agreement with Private Coskun High School regarding a program similar to a student exchange program.

Coskun is located in Istanbul Turkey and Coskun is somewhat like a “sister” school to FSAHS. As part of this agreement, FSAHS and Coskun decided that they would send students to each other’s school on field trips. When these field trips occurred, the host school would make and pay for all arrangements (including food, lodging and transportation) for the visiting students. Since establishing this agreement, FSAHS has sent students to Turkey on numerous field trips, but to date, no students from Coskun have come to the US on field trips.

Prior to the 2012 Turkey Spring Break trip, Coskun made and paid for all of the food, lodging, and transportation arrangements within Turkey for the FSAHS students when they visited on a field trip. Each FSAHS student was required to pay for airfare to and from Turkey, admission fees to attractions (which were paid for at the time the attraction was visited), and for any other incidentals or souvenirs that were purchased during the trip.

Starting with the 2012 Turkey Spring Break trip, Coskun stopped paying the transportation expenses; Mr. Sercan speculated this was perhaps due to difficult economic times. When interviewed on July 2, 2012, Mr. Sercan stated that he had received an inaccurate invoice for the domestic transportation that was used within Turkey during the 2012 Spring Break trip. Mr. Sercan stated that he returned the invoice and asked that it be corrected. We asked Mr. Sercan for a copy of the inaccurate invoice as well as a copy of the corrected invoice, once it is received. As of the writing of this report, we were not provided copies of either invoice.

Coskun has informed FSAHS that it may not be able to continue covering the food and lodging fees for the visiting FSAHS students. Mr. Sercan stated that FSAHS was, therefore, reevaluating the costs of these Turkey trips to determine if

they can continue to be offered, or if the trips will become cost-prohibitive and should be discontinued.

When we inquired why Coskun has never sent a single student to the U.S. as part of the exchange program, Mr. Sercan had no explanation. He stated that we could contact the Coskun students in Turkey for their reason.

Mr. Sercan also stated that had any Turkish student ever decided to come, he would have contacted community organizations, including but not limited to the YMCA and Istanbul Center, to host them and fund the expenses of their visit. He speculated that the Coskun students may travel to England instead of the U.S. It is unclear why Coskun funded the FSA schools' trips for many years without seeking reciprocal benefit for its students.

4 Restriction

This report summarizes our analysis, observations, conclusions and opinions based upon the work we have performed to date. We reserve the right to amend or supplement our report and / or findings, should additional relevant information be provided. The attached exhibits, schedules and accompanying notes to the schedules are an integral part of this report.

The procedures were performed solely for the information and assistance of counsel with respect to this matter. Any reproduction, distribution or disclosure to any other party may only be done with consent of counsel.



Karen Fortune, CPA/CFF, MAcc

From: [Yerich, James](#)
To: AOzer@fultonscience.org;
cc: [Brock, Glenn](#); [Karen Fortune](#); [Pat Salem](#); llashley@brockclay.com;
[Stowell, Laura](#);
Subject: Documents Request from 6/10/12 Meeting
Date: Wednesday, July 11, 2012 1:18:16 PM

Dear Mr. Ozer,

Thank you for making time in your schedule to meet with us yesterday. There were a number of items that you were unable to answer as we sat together and you requested that we provide them to you in writing. The following questions are those we discussed and we appreciate your assistance in providing answers to them.

Thank you for your cooperation.

Requested Items from Mr. Ozer

1. Please provide specific names of individuals (and their firms, if applicable) that provided FSAHS the District Level Renewal Process services (\$25,000 charged to FSAHS by Grace in 2010).
 - a. Please provide the amount Grace incurred for these services.
2. Please provide specific names of individuals (and their firms, if applicable) that provided FSAHS the membership benefits (school improvement, staff development, and student services) in the school year ended 6/30/10.
 - a. Please provide the amount that Grace incurred for these services.
3. Please provide a list of the board of directors at Grace (for the school year beginning 7/1/2011 through present).
4. Please provide a list of the officers at Grace (for the school year beginning 7/1/2011 through present).
5. Please provide a list of the employees at Grace (for the school year beginning 7/1/2011 through present).
6. Please provide information on SEMA Education & Health
 - a. Please provide its website
 - b. Please tell us what type of entity it is (i.e., bank, NFP, etc.)

7. Please provide list of all addresses (and what the accommodations are – name of hotel, hostel, or school dormitory, etc.) where students were housed in Turkey (overnight) each night for the following:

- a. FSAHS Turkey Trips – Spring Break 2009, 2010, 2011 and 2012
- b. Please also provide the names of the chaperones who accompanied students at each location for each night.

James M. Yerich, CPA
Director of Internal Audits
Fulton County Board of Education
786 Cleveland Ave. SW
Atlanta, GA 30315

Phone: (404) 763-6808
FAX: (404) 763-4592

From: [Yerich, James](#)
To: AOzer@fultonscience.org;
cc: [Brock, Glenn](#); [Karen Fortune](#); [Pat Salem](#); llashley@brockclay.com;
[Stowell, Laura](#);
Subject: RE: Documents Request from 6/10/12 Meeting
Date: Tuesday, July 17, 2012 10:29:51 AM

Dear Mr. Ozer,

I was wondering if you know when the documents requested in my July 11 email will be made available?

Thank you,

James M. Yerich, CPA
Director of Internal Audits
Fulton County Board of Education
786 Cleveland Ave. SW
Atlanta, GA 30315

Phone: (404) 763-6808
FAX: (404) 763-4592

From: Yerich, James
Sent: Wednesday, July 11, 2012 1:18 PM
To: 'AOzer@fultonscience.org'
Cc: Brock, Glenn; Karen Fortune; pat@iagforensics.com; llashley@brockclay.com; Stowell, Laura
Subject: Documents Request from 6/10/12 Meeting

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Phone: (404) 763-6808

FAX: (404) 763-4592

From: Ali Ozer [mailto:aozer@fultonscience.org]
Sent: Tuesday, July 17, 2012 12:12 PM
To: Yerich, James
Cc: 'Mayes, Joshua'; Stowell, Laura; 'Namik Sercan'
Subject: RE: Documents Request from 6/10/12 Meeting

Dear Mr. Yerich,

As requested during July 10th interview I forwarded portions of your email requesting information to the Grace Institute. Mr. Cokavci, Exec. Director of the Institute returned to me that he would let me know if the Institute chose to respond to your inquiries.

For other items please see below.

Sincerely,

Ali Ozer, Executive Director
FSA Charter High School

From: Yerich, James [mailto:YerichJ@fultonschools.org]
Sent: 11 July, 2012 1:18 PM
To: Ali Ozer
Cc: Brock, Glenn; Karen Fortune; pat@iagforensics.com; llashley@brockclay.com;
Stowell, Laura
Subject: Documents Request from 6/10/12 Meeting

Dear Mr. Ozer,

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1. Please provide specific names of individuals (and their firms, if applicable) that provided FSAHS the District Level Renewal Process services (\$25,000 charged to FSAHS by Grace in 2010).
 - a. Please provide the amount Grace incurred for these services.
[Waiting the Institute's response.](#)

Exhibit 3

2. Please provide specific names of individuals (and their firms, if applicable) that provided FSAHS the membership benefits (school improvement, staff development, and student services) in the school year ended 6/30/10.

- a. Please provide the amount that Grace incurred for these services.

FSA HS received membership benefits on a cost sharing basis as outlined on the attached letter

1. Grace customized Moodle™ implementation including:
 - a. Progress monitoring system with reporting and analysis components.
 - b. Electronic teacher grade book, course management, and report card modules.
 - c. Student application module for new enrollment session.
 - d. Online test taking module for standardized test preparation.
2. Grace Summer Workshop for Math, Science, Turkish and Computer Teachers between July 20th – July 31st. Participating teachers' will receive training from experienced teachers in the following areas:
 - a. Effective Classroom Management Strategies (2 days).
 - b. Survival Organization Skills for New Teachers (1 day).
 - c. Communication Skills/Building Relationship w/ Students and Parents (1 day).
 - d. Professional Responsibilities and School Law Matters (1 day).
 - e. Subject Specific Instructional Methods (5 days).
3. Principals Workshops will be hosted once a month to share best practices between member schools.
4. We will also organize workshops for your staff in other departments such as Academic Event Coordinators, Asst. Principals, and IT staff. Calendars of these events will be determined in collaboration with all the member schools as soon as you finalize your yearly calendar in the next several weeks.

Item 1 is provided by the Institute as an online service. In my recollection of that year, Mr. Mert Gokkaya and Mr. Ilyas Keles were involved in developing the software for the Institute.

Item 2 is a workshop where experienced member school teachers provide training to participant teachers as indicated in the letter. There was no Institute employee involved in providing the trainings other than coordination of schedules and accommodations. I believe either Mr. Budak or Mr. Benzer were involved in those daily tasks at the time.

Item 3 is a job-a-like meeting with member school principals to share best practices and learn from one other. There was no Institute employee involved in providing any workshop other than coordination of schedules and accommodations.

Item 4 is also a job-a-like meeting style workshop where interested member schools come together to share and learn from one other in their respective areas. There was no Institute employee involved in providing the trainings other than coordination of schedules and accommodations.

As you can see in the year ending 6/30/2010 all activities were based on membership structure. That continued to be the case until 6/4/2011 where the Membership Agreement was terminated by the schools. Thereafter, the services evolved from being membership activities to specific services delivered in accordance with a service contract.

3. Please provide a list of the board of directors at Grace (for the school year beginning 7/1/2011 through present).
Waiting the Institute's response.
4. Please provide a list of the officers at Grace (for the school year beginning 7/1/2011 through present).

Waiting the Institute's response.

5. Please provide a list of the employees at Grace (for the school year beginning 7/1/2011 through present).

Waiting the Institute's response.

6. Please provide information on SEMA Education & Health
a. Please provide its website

I am unaware of any website of the company.

- b. Please tell us what type of entity it is (i.e., bank, NFP, etc.)

According to the State of New York Corporations web site the following holds.

Selected Entity Name: SEMA EDUCATION AND HEALTH DEVELOPMENT CO. INC.

Selected Entity Status Information

Current Entity Name: SEMA EDUCATION AND HEALTH DEVELOPMENT CO. INC.

DOS ID #: 2539364

Initial DOS Filing Date: AUGUST 04, 2000

County: KINGS

Jurisdiction: NEW YORK

Entity Type: DOMESTIC BUSINESS CORPORATION

Current Entity Status: ACTIVE

7. Please provide list of all addresses (and what the accommodations are – name of hotel, hostel, or school dormitory, etc.) where students were housed in Turkey (overnight) each night for the following:
- a. FSAHS Turkey Trips – Spring Break 2009, 2010, 2011 and 2012
- b. Please also provide the names of the chaperones who accompanied students at each location for each night.

Mr. Sercan is working on this item and will get back to you.

James M. Yerich, CPA
Director of Internal Audits
Fulton County Board of Education
786 Cleveland Ave. SW
Atlanta, GA 30315

Phone: (404) 763-6808
FAX: (404) 763-4592

From: Yerich, James [YerichJ@fultonschools.org]
Sent: Monday, July 02, 2012 7:17 PM
To: namiksercan@gmail.com
Cc: Glenn Brock; Pat Salem; Karen Fortune; Laura Lashley
Subject: Documents List

Dear Mr. Sercan

The following is the list of documents we discussed today. We would like to meet with you again tomorrow at 1:00 to finish the discussion. After the discussion, we will look at the documents you have gathered.

Employee manual, contracts, or other documentation explaining FSAHS' policies regarding benefits paid to employees (i.e. tuition reimbursement, immigration services, etc.) and to whom these benefits are provided.

FSAHS notices providing permission to employees to work for other organizations (i.e. Grace, etc.).

Teachers' schedules for 2008-2009, 2009-2010 and 2010-2011.

Contracts and other documentation related to 2008 checks paid to Mr. Bahcaci.

For Osman Caliskan:

- Application
- Resume
- Interview Notes

For Avni Cokavci:

- Application
- Resume
- Interview Notes
- Contracts for 2006 and 2007

For Susan Harper:

- Application
- Resume
- Interview Notes
- Background Check
- Contract

For Annette Higgins:

- Application
- Resume
-

- Interview Notes

- Background Check

□

For Kia Neville:

- Application
- Resume
- Interview Notes

□

For Kellie Pierce:

- Hire Date
- Term Date
- Position
- Application
- Resume
- Interview Notes

□

For Necati Sahin:

- Application
- Resume
- Interview Notes

□

HR files for the following employees:

- Isa Afacan
- Ismail Aftintas
- Christopher Craig
- Yvette Jean
- Julie Neighbors
- Yasin Oduk
- Hakan Orak
- Selim Ozdemir
- Ali Ozer
- Abby Sanchez
- Jennifer Smith

□

Names, dates, descriptions of any non-school events held in FSAHS facilities.

□

Brochures, literature and other documentation about all summer conferences held at FSAHS facilities.

□

Correspondence, forms submitted to US immigration services, and other documentation related to immigration.

□

Documentation (including the name of employee for which the service is being provided) related to the following Law Office of Cherie E. Cookorinis invoices:

- Invoice #20907
 - Invoice # 30932
 - Invoice # 40920
 - Invoice paid by check #2122 (include copy of related invoice)
- ☐ Correspondence, applications and other documentation related to interns and/or classroom observers including names, dates, applications for internship, schools in which interns were enrolled, classes in which interns participated.
- ☐ Background checks for each intern.
- ☐ All job postings including position to fill, date of posting, location of posting, applications/resumes received, name of applicant selected to fill the position.
- ☐ Parental consent forms for transporting students in the shuttle.
- ☐ Names and addresses of all facilities in which students stayed while on Turkey trips.
- ☐ Invoice for in-country transportation while on Turkey trip.
- ☐ Grace contract.
- ☐ Contracts with any other vendors, if applicable (excluding insurance contracts).
- ☐ Brochures and any other documentation describing professional development provided by Grace.
- ☐ Professional development evaluations prepared by Grace.
- ☐ Schedule showing all Grace on-campus events including:
 - Name of Grace representative(s)
 - Date of event
 - Type of event
 - FSAHS staff participating in the event
- ☐ Brochures, literature and any other documentation explaining Grace's offerings and related credentials.
- ☐ CVs and other related documentation for each Grace staff member providing services to FSAHS.
- ☐ Brochures and any other documentation describing the services Grace provided to the school for the School's District Level Renewal Process, 03/2009 – 12/2009.
- ☐ Brochures and any other documentation describing the school improvement services provided by Grace.
- ☐ Brochures and any other documentation describing the student services provided by Grace.
- ☐ Brochures and any other documentation describing the benchmarking provided by Grace.
- ☐ Benchmarking material provided by Grace, including answer keys.
- ☐ Governing board meeting minutes from inception to present.

Thank you, again, for your continued cooperation.

Sincerely

James Yerich, Director

Fulton County Board of Education
Department of Internal Audits

Sent from my iPad

From: Yerich, James [mailto:YerichJ@fultonschools.org]
Sent: 13 June, 2012 2:30 PM
To: Ozer, Ali
Cc: gbrock@brockclay.com; Avossa, Robert; Schultz, Linda; White, Toleda; Sercan, Namik
Subject: Audit of FSA HS
Importance: High

Dear Mr. Ozer:

Please see the attached letter regarding the commencement of an audit of Fulton Science Academy High School. Please let me know if you have any questions.

Sincerely,

James M. Yerich, CPA
Director of Internal Audits
Fulton County Board of Education
786 Cleveland Ave. SW
Atlanta, GA 30315

Phone: (404) 763-6808
FAX: (404) 763-4592



BOARD OF EDUCATION

Linda Schultz, *President*
Linda P. Bryant, *Vice President*
Julia C. Bernath • Gail Dean • Catherine Maddox
Linda McCain • Katie Reeves
Robert M. Avossa, Ed.D., *Superintendent*

June 13, 2012

Mr. Ali Ozer, Executive Director
Fulton Science Academy Charter Schools
1675 Hembree Road
Alpharetta, Georgia 30009

Dear Mr. Ozer,

Please be advised that the Fulton County Schools Department of Internal Audits intends to utilize outside consultants to assist us in the audit of FSA High School. The firm that will be assisting us is IAG Forensics and any personnel that come onto school property will have been vetted with background checks and will present credentials. We ask that you give them and our personnel your full cooperation and consideration.

Below is the audit documentation request list for your review:

Laptop Sales

- Documentation related to laptop sales
 - Sales receipts
 - Source of computers sold
 - Purchasers of computers

Federal Grants

- Documentation related to federal grant funds totaling \$400,000 (**for the period noted below**)
- Documentation on uses of funds, and any restrictions that may have applied

School Uniform Income/Expense

- Supporting documentation for all revenues recognized as "School Uniform Income"
 - Sales receipts, etc.
- Documentation supporting all school uniform expenses

Engage • Improve • Excel

DEPARTMENT OF INTERNAL AUDITS, JAMES M. YERICH, CPA - DIRECTOR
786 Cleveland Ave., S.W., Atlanta, Georgia 30315-7299 • 404-763-6840 • www.fultonschools.org

Student Activities and Field Trips – Revenues and Expenses

- List of all field trips and academic events, including descriptions and event locations
- For each international event, list of all attendees including designation as staff, chaperone or student
- Background checks on all adults on field trips (both domestic and international)
- Records of all monies received for each international event
- All invoices for monies expended for each international event
- All payments, including copies of canceled checks (front and back) for each international event
- For each international event, all invoices and payments for accommodations, if any
- Other supporting documentation for each international event, if available

Banks

- All statements for all bank accounts for the period of July 2008 through present

Credit cards, if any

- All statements for all credit cards for the period of July 2008 through February 2012

Office Computer/Educational Hardware and Software

- Invoices supporting all office computer and educational hardware purchases
- Invoices supporting all office computer and educational software purchases

Donations

- Detailed list(s) including donor name, donated amount, donation date and method of payment for all donors over \$3,000
- Receipts issued
- Other supporting documentation, if available

Loans

- List of all loans, including lender, amount, terms, date
- Documentation for all loans made to FSA HS from July 2005 to present
- All forgiveness of debt documentation (either loan forgiveness or conversion to donation)

Please provide all of the above for all loans, including, but not limited to the following lenders:

- **SEMA**
- **Selim Ozdemir**
- **Ali Ozer**
- **Altan Kalayci**
- **Erdogan Uduk**
- **Avni Cokavci**
- **Hakki Anik**
- **Hakan Orak**
- **Halil Benzer**

Lease

- Copy of lease for school facility

Employees

- HR files for all personnel between July 2008 to present
- Payroll records for all personnel for the period July 2008 to present
- Insurance and all other benefits invoices for the period July 2008 to present
- For each teacher, schedule of all classes taught for the period of July 2008 through present
- List of all former employees on Cobra

External vendors including:

- **Airtran Air**
- **All Purpose, Inc.**
- **Ant Bookstore**

- **Arnall Golden Gregory**
- **Assurant**
- **Atlanta International Travel, Inc**
- **Atlantic Wind Group, LLC Blue Cross Blue Shield of GA**
- **Carnegie Learning**
- **Chico Scott**
- **Citizenship & Immigration Services**
- **CompBenefits**
- **Core Design & Production**
- **Coventry Health Care of GA Inc**
- **Ephesus Remodeling**
- **Erdogan Uduk**
- **Fulton Science Academy, Inc.**
- **Global Spectrum Foundation**
- **Grace Institute**
- **Guardian Life Insurance Co**
- **Hanover Insurance Co**
- **Hotlantic Inc.**
- **Insuremytrip.com**
- **Law Office of Cherie E. Cookorinis**
- **Marta**
- **Mary Townson (Chapter 13)**
- **Medex Insurance Services, Inc.**
- **Northwest Airlines**
- **Noss Construction**
- **Power Marketing & Printing**
- **Selim Ozdemir**
- **The Weatherly Law Firm LLP**
- **Utica National Insurance Group**

Please provide the following for the above listed vendors:

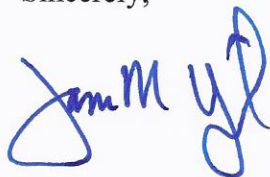
- All RFPs issued, as applicable
- All contracts and agreements, if applicable
- All invoices

- All payments, including copies of canceled checks (front and back)
- All refunds
- Other supporting documentation, if available

Please note that additional documentation may be requested in the course of the engagement.

If not otherwise stated, please provide for July 1, 2008 to present. If you have any questions, please do not hesitate to contact me immediately. Please have all of this information pulled, organized and ready for the auditors' review when they arrive on Monday, June 18th at 9:00 a.m. We also will expect that you will make copies of any documentation as requested by the auditors. If we need to discuss this timeline please contact me at 404-763-6808.

Sincerely,

A handwritten signature in blue ink, appearing to read "James Yerich".

James Yerich, Director
Internal Audits
Fulton County Schools

Attachment

Cc: Glenn Brock, Legal Counsel
Dr. Robert Avossa, Superintendent, FCBOE
Ms. Linda Schultz, President, Fulton County School Board
Namik Sercan, Principal, FSAHS
Toleda White, Audit Manager, Fulton County Schools

Fulton County Schools
Fulton Science Academy High School
Audit Findings
Grace-FSA Relationships

	2007-2008				2008-2009			
	Grace	FSAES	FSAMS	FSAHS	Grace	FSAES	FSAMS	FSAHS
Akcin, Hacı								
Akcin, Simona								
Akgul, Aladdin		Secretary				Secretary	Teacher	
Aktas, Selma								
Aktas, Yucel	Board Member				Board Member		Teacher	
Allenson, Rhonda								
Basgun, Mustafa			CFO Board Member	CFO Board Member			Board Member	Board Member
Beug-Deeb, Maria								
Brown, Rodney								Board Member
Budak, Ilbey					Bookkeeper			
Bulut, Levent		CFO	Board Member	Board Member			Board Member	Board Member
Cahparala, Ramesh								
Cetin, Murat								
Cokavci, Avni				Assistant Principal Bookkeeper \$60,000				Registered Agent Bookkeeper Principal \$61,916
Gokkaya, Mert						CFO		CFO
Goktepe, Fethi			Assistant Administrator \$58,000				Assistant Principal	
Greene, Steven			Assistant Principal \$63,000				Assistant Principal	
Hamki, Mohammad				Board Member				Board Member
Kazanci, Caner								
Kececi, Mustafa			Board Member				Board Member	

Fulton County Schools
Fulton Science Academy High School
Audit Findings
Grace-FSA Relationships

	2009-2010				2010-2011			
	Grace	FSAES	FSAMS	FSAHS	Grace	FSAES	FSAMS	FSAHS
Akcin, Hacı								
Akcin, Simona								
Akgul, Aladdin		Secretary						
Aktas, Selma								
Aktas, Yucel	Board Member		Employee \$47,000				Employee \$23,000	
Allenson, Rhonda				Vice President				
Basgun, Mustafa			Board Member	Board Member				
Beug-Deeb, Maria								
Brown, Rodney								
Budak, Ilbey	Budget Specialist							
Bulut, Levent		Board Member	Board Member	Board Member		CFO		CFO
Cahparala, Ramesh								
Cetin, Murat		Principal Bookkeeper	Employee \$58,000			Registered Agent Principal \$70,000		
Cokavci, Avni	Bookkeeper			Registered Agent Principal \$64,405/\$72,000	CEO CFO Secretary			
Gokkaya, Mert		CFO		CFO Employee \$33,000				
Goktepe, Fethi								
Greene, Steven			Employee 64,000					
Hamki, Mohammad				Board Member				
Kazanci, Caner								
Kececi, Mustafa			Board Member					

Fulton County Schools
Fulton Science Academy High School
Audit Findings
Grace-FSA Relationships

	2011-2012			
	Grace	FSAES	FSAMS	FSAHS
Akcin, Haci				Board Member
Akcin, Simona		Board Member		
Akgul, Aladdin				
Aktas, Selma			Secretary	
Aktas, Yucel			HR Manager \$20,000	Teacher/HR \$20,000 (33%)
Allenson, Rhonda				Vice President
Basgun, Mustafa				
Beug-Deeb, Maria			Board Member	
Brown, Rodney				
Budak, Ilbey				
Bulut, Levent		CFO	CFO Vice President	CFO Secretary
Cahparala, Ramesh		Vice President		
Cetin, Murat		Registered Agent Principal		
Cokavci, Avni	CEO CFO Secretary			
Gokkaya, Mert				College Counselor \$39,000
Goktepe, Fethi				
Greene, Steven				
Hamki, Mohammad				Board Member
Kazanci, Caner				Board Member
Kececi, Mustafa			Board Member	

Fulton County Schools
Fulton Science Academy High School
Audit Findings
Grace-FSA Relationships

	2007-2008				2008-2009			
	Grace	FSAES	FSAMS	FSAHS	Grace	FSAES	FSAMS	FSAHS
Korucu, Ayhan			CEO President	Registered Agent CEO President			CEO President	CEO President
Kucuktas, Tuncay			CFO				CFO Treasurer	
Lassetter, Angela								
Lucas, Cynthia								
Murphy, Wendi			Vice President				Vice President	
Ozdemir, Selim	Registered Agent CEO CFO President Bookkeeper		Registered Agent Executive Director Bookkeeper Principle (sic?) \$125,000	Executive Director	Board Member		Registered Agent Executive Director Bookkeeper \$114,520	Executive Director
Ozer, Ali	Vice President			Principal \$90,000	President		Curriculum Director	
Ozerslan, Ahmet				Board Member				Board Membr
Saylam, Sherry			Secretary	Secretary			Secretary	Secretary
Sener, Kenan	Board Member		Principal \$102,000		Board Member		Principal \$92,960	
Sercan, Namik	Secretary	Registered Agent CEO	Employee		Secretary	Registered Agent CEO		Teacher
Tascan, Mevlut								
Webb, James								
Wichser, Edith								

Fulton County Schools
Fulton Science Academy High School
Audit Findings
Grace-FSA Relationships

	2009-2010				2010-2011			
	Grace	FSAES	FSAMS	FSAHS	Grace	FSAES	FSAMS	FSAHS
Korucu, Ayhan		Board Member	CEO President	CEO President		CEO	CEO	CEO
Kucuktas, Tuncay			CFO Treasurer				CFO	
Lassetter, Angela								
Lucas, Cynthia						Secretary		
Murphy, Wendi			Vice President					
Ozdemir, Selim			Registered Agent Executive Director \$116,321/\$126,000	Executive Director		Registered Agent	Registered Agent	
Ozer, Ali	CEO CFO President		Employee \$65,000			Executive Director \$43,000	Executive Director \$40,000/\$45,000/\$52,000	Executive Director \$25,000
Ozerslan, Ahmet				Board Member				
Saylam, Sherry		Board Member	Secretary	Secretary			Secretary	Secretary
Sener, Kenan	Board Member		Principal Bookkeeper \$93,863/\$103,000				Principal \$90,000	
Sercan, Namik	Secretary	Registered Agent CEO President		Bookkeeper Employee \$40,000				Registered Agent Employee \$80,000
Tascan, Mevlut								
Webb, James								
Wichser, Edith								

Fulton County Schools
Fulton Science Academy High School
Audit Findings
Grace-FSA Relationships

	2011-2012			
	Grace	FSAES	FSAMS	FSAHS
Korucu, Ayhan		CEO President	President	CEO President
Kucuktas, Tuncay				
Lassetter, Angela			Board Member	
Lucas, Cynthia		Secretary		
Murphy, Wendi				
Ozdemir, Selim				
Ozer, Ali		Executive Director \$40,000	Executive Director \$40,000	Executive Director \$40,000 (33%)
Ozerslan, Ahmet				
Saylam, Sherry				
Sener, Kenan			Principal \$90,000	
Sercan, Namik				Registered Agent Principal \$80,000
Tascan, Mevlut		Board Member		
Webb, James				Board Member
Wichser, Edith			Board Member	

**Fulton County Schools
Fulton Science Academy High School
Requested Documents and Information Not Received**

Request Made	Document/Information Requested
07/02/2012 email from James Yerich to Mr. Sercan	Teachers' schedules for the 2008-2009 school year.
07/02/2012 email from James Yerich to Mr. Sercan	Contracts and other documentation related to 2008 checks paid to Mr. Bahcaci.
07/02/2012 email from James Yerich to Mr. Sercan	For Osman Caliskan: <ul style="list-style-type: none"> • Application • Resume • Interview Notes
07/02/2012 email from James Yerich to Mr. Sercan	For Avni Cokavci: <ul style="list-style-type: none"> • Application • Resume • Interview Notes • Contracts for 2006 and 2007
07/02/2012 email from James Yerich to Mr. Sercan	For Susan Harper: <ul style="list-style-type: none"> • Application • Resume • Interview Notes • Background Check • Contract
07/02/2012 email from James Yerich to Mr. Sercan	For Annette Higgins: <ul style="list-style-type: none"> • Application • Resume • Interview Notes • Background Check
07/02/2012 email from James Yerich to Mr. Sercan	For Kia Neville: <ul style="list-style-type: none"> • Application • Resume • Interview Notes
07/02/2012 email from James Yerich to Mr. Sercan	For Kellie Pierce: <ul style="list-style-type: none"> • Hire Date • Term Date • Position • Application • Resume • Interview Notes

Fulton County Schools
Fulton Science Academy High School
Requested Documents and Information Not Received

Request Made	Document/Information Requested
07/02/2012 email from James Yerich to Mr. Sercan	For Necati Sahin: <ul style="list-style-type: none"> • Application • Resume • Interview Notes
07/02/2012 email from James Yerich to Mr. Sercan	HR Files for the following employees: <ul style="list-style-type: none"> • Isa Afacan • Ismail Aftintas • Christopher Craig • Yvette Jean • Julie Neighbors • Yasin Oduk • Hakan Orak • Selim Ozdemir • Ali Ozer • Abby Sanchez • Jennifer Smith
07/02/2012 email from James Yerich to Mr. Sercan	Correspondence, forms submitted to US immigration services, and other documentation related to immigration.
07/02/2012 email from James Yerich to Mr. Sercan	For each job posted, applications/resumes received, and name of applicant selected to fill the position.
07/02/2012 email from James Yerich to Mr. Sercan	Invoice for in-country transportation while on Turkey trip.
06/13/2012 letter from James Yerich to Mr. Ozer 07/02/2012 email from James Yerich to Mr. Sercan	All Grace contracts from 2008 to present. We received a copy of the Grace contract dated September 19, 2011, but this contract does not cover the complete timeframe in which Grace provided services to FSAHS.
07/02/2012 email from James Yerich to Mr. Sercan	CVs and other related documentation for each Grace staff member providing services to FSAHS.
07/11/2012 email from James Yerich to Mr. Ozer 07/17/2012 email from James Yerich to Mr. Ozer	Specific names of individuals (and their firms, if applicable) that provided FSAHS the District Level Renewal Process services (\$25,000 charged to FSAHS by Grace in 2010). Amount Grace incurred for these services.
07/11/2012 email from James Yerich to Mr. Ozer 07/17/2012 email from James Yerich to Mr. Ozer	Amount that Grace incurred to provide membership benefits (school improvement, staff development, and student services) to FSAHS in the school year ended 6/30/10.

**Fulton County Schools
Fulton Science Academy High School
Requested Documents and Information Not Received**

Request Made	Document/Information Requested
07/11/2012 email from James Yerich to Mr. Ozer 07/17/2012 email from James Yerich to Mr. Ozer	A list of the board of directors at Grace (for the school year beginning 7/1/2011 through present).
07/11/2012 email from James Yerich to Mr. Ozer 07/17/2012 email from James Yerich to Mr. Ozer	A list of the officers at Grace (for the school year beginning 7/1/2011 through present).
07/11/2012 email from James Yerich to Mr. Ozer 07/17/2012 email from James Yerich to Mr. Ozer	<p>List of all addresses (and what the accommodations are – name of hotel, hostel, or school dormitory, etc.) where students were housed in Turkey (overnight) each night for the following:</p> <ol style="list-style-type: none"> 1. FSAHS Turkey Trips – Spring Break 2009, 2010 and 2011 2. Please also provide the names of the chaperones who accompanied students at each location for each night. <p>We received the names and addresses of the accommodations for Turkey Trip 2012 only.</p>
07/02/2012 interview of Mr. Sercan	Name of social worker used by FSAHS to respond to FSAHS truancy issues
07/02/2012 interview of Mr. Sercan	Reason for Mr. Ugur Yaldiz's visa denial
07/02/2012 interview of Mr. Sercan	Name of the owner of the van that transports students to/from the MARTA station
07/02/2012 interview of Mr. Sercan	Indication whether custodian has a special driver's license for operating the van

Fulton County Schools
FSA High School
Unexcused Tardy

# Unexcused Tardy	# Students with Unexcused Tardy	
	2010-2011	Total
15	7	7
16	4	4
17	2	2
18	1	1
19	3	3
20	4	4
21	3	3
22	1	1
23	6	6
24	3	3
25	2	2
26	1	1
27	1	1
28	1	1
29	4	4
30	1	1
31	3	3
32	1	1
33	1	1
34	2	2
36	1	1
37	2	2
38	1	1
39	3	3
42	1	1
43	1	1
45	1	1
47	3	3
48	1	1
50	1	1
51	1	1
56	1	1
57	1	1
60	1	1
71	1	1
Total	71	71

Fulton County Schools
FSA High School
Unexcused Absences

# Unexcused Absences	# Students with Unexcused Absences						Total
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	
6	2	9	10	12	14	13	60
7	1	5	6	6	5	13	36
8	1	4	2	9	7	11	34
9	2	3	4	6	5	10	30
10	2	3	1	11	7	6	30
11		3	1	4	4	8	20
12	2	1	2	1	2	4	12
13		1	2	1	1	3	8
14	1			3	1	2	7
15					1		1
16			1	2		1	4
17		1				4	5
18					2	2	4
19	1	1				2	4
20			1	1	1		3
21					1		1
22			1			1	2
23						1	1
24		1		2		1	4
28		2					2
30			1				1
35						1	1
Total	12	34	32	58	51	83	270

Fulton County Schools
FSA High School
Approved Absences

# Approved Absences	# Students with Approved Absences						Total
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	
1	10	7	7	38	33	55	150
2	1	4	3	3	24	36	71
3			2		26	27	55
4	1	1		1	20	23	46
5	2	1		1	14	16	34
6	1				5	20	26
7		1			8	8	17
8		1			6	6	13
9	1				8	6	15
10						6	6
11					3	5	8
12					5	3	8
13					1	3	4
14					2		2
15						3	3
16					1	3	4
17						1	1
18					1		1
19						1	1
21					1	2	3
22					1	2	3
23					1		1
25						3	3
26					1		1
27					1		1
33						1	1
36					1		1
60						1	1
Total	16	15	12	43	163	231	480

Fulton County Schools
FSA High School
2011-2012 Unexcused Absences

Student Key	Absence
2382	3
6057	5
6524	3
6525	3
6526	4
8919	5
10472	3
10539	7
16869	1
21514	1
22556	7
25586	6
25933	2
31838	1
31858	2
37124	19
37746	8
40273	2
40971	4
44739	1
49737	4
50875	9
51620	9
53674	5
54811	1
56279	18
56498	35
57583	2
58486	13
59483	10
60295	9
60565	4
60583	3
62493	1
62755	12
65469	4
67357	2
67388	1
67644	1
68352	9
70193	2

Fulton County Schools
FSA High School
2011-2012 Unexcused Absences

Student Key	Absence
70898	2
71386	1
71427	2
71430	14
75709	4
77312	4
77749	7
78126	2
78329	2
81056	2
82548	2
84010	23
84012	11
87270	4
87368	7
89801	5
93234	2
95107	2
96446	11
96551	3
98750	2
99013	5
100916	4
105064	19
106162	1
107280	8
107776	1
110211	1
110497	2
114925	2
115438	3
121191	7
121241	3
126222	4
126570	17
128732	2
128734	1
128795	4
130930	3
141546	2
143405	1

Fulton County Schools
FSA High School
2011-2012 Unexcused Absences

Student Key	Absence
144643	1
145777	3
147135	2
147732	1
149655	1
150215	17
151102	6
151583	10
151711	1
154009	4
154146	5
154326	2
155698	2
155970	3
156582	9
158040	1
158669	2
159532	6
160021	3
164896	2
165161	6
166287	5
166484	1
168909	3
169542	4
170492	2
173556	4
173817	3
174351	17
174810	1
175112	1
176442	3
176842	2
178034	1
178452	6
182777	24
184321	1
184825	8
185127	5
185197	1
185334	2

Fulton County Schools
FSA High School
2011-2012 Unexcused Absences

Student Key	Absence
185509	1
185676	2
185865	9
185899	7
186121	1
186229	2
186430	7
186942	7
187271	2
187681	1
187918	13
188026	3
188476	2
189478	7
190346	8
190490	8
190606	3
190824	6
191465	1
197237	9
198955	11
202185	4
203302	5
204384	2
205578	2
206248	3
207196	2
207206	5
207239	1
207765	7
208021	2
208438	5
208734	6
208929	4
209643	8
210106	11
210174	5
211455	1
212468	6
212729	5
215938	8

Fulton County Schools
FSA High School
2011-2012 Unexcused Absences

Student Key	Absence
216064	2
216105	11
217042	3
217127	5
217128	6
217214	8
219892	5
220725	10
222288	3
223238	4
228580	4
228663	3
228799	3
229566	2
229678	11
230695	3
230926	1
231010	13
231192	2
231546	12
231550	5
232157	10
232865	10
236419	18
238477	1
240338	4
240699	4
246745	3
246831	7
247342	2
247482	2
248142	2
248317	2
249238	11
249319	6
249729	3
250390	6
250439	1
250640	1
251029	8
251408	17

Fulton County Schools
FSA High School
2011-2012 Unexcused Absences

Student Key	Absence
251496	16
251586	4
254529	11
254630	3
254954	12
254968	22
255813	2
256859	4
258240	5
258268	4
259429	14
264238	5
264320	1
264850	5
264859	10
268022	9
269590	1
269729	9
269801	8
274145	1
274567	3
275185	1
276215	6
276464	4
280329	4
285127	1
285134	2
285918	1
286774	5
287229	6
287307	3
290332	2
290983	12
315402	1
316074	9
318100	2
318646	1
318896	7
319232	7
319271	8
323847	4

Fulton County Schools
FSA High School
2011-2012 Unexcused Absences

Student	
Key	Absence
<u>328175</u>	<u>1</u>
	1,296