

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Audit of Financial Statements

June 30, 2008

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Independent Auditor's Report

To the Board of Directors
Audubon Charter School
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Audubon Charter School (the School), a non-profit organization, as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Audubon Charter School as of June 30, 2008, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 19, 2008, on our consideration of Audubon Charter School's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The schedules required by Louisiana State Law included as Schedules 1 through 9, are not a required part of the basic financial statements, but are supplementary information required by Louisiana State law. We have applied certain limited procedures, which are described in the Independents Accountant's Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Audubon Charter School taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

September 19, 2008

**AUDUBON CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Statement of Financial Position
 June 30, 2008**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 841,975
Accounts Receivable	581,803
Prepaid Expenses	<u>26,445</u>
Total Current Assets	<u>1,450,223</u>
Fixed Assets	
Computers	225,879
Improvements	75,547
Accumulated Depreciation	<u>(54,106)</u>
Total Fixed Assets, Net	<u>247,320</u>
Total Assets	<u><u>\$ 1,697,543</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	<u>\$ 257,939</u>
Total Liabilities	<u>257,939</u>
Net Assets	
Unrestricted	<u>1,439,604</u>
Total Net Assets	<u>1,439,604</u>
Total Liabilities and Net Assets	<u><u>\$ 1,697,543</u></u>

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

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2008**

	Unrestricted
Revenue, Grants and Other Support	
State Public School Funding	\$ 4,462,369
Federal Grants	985,092
Other Income	508,287
Donations	170,388
Other State Grants	78,418
School Food Service Reimbursement	59,333
Interest Income	32,258
	<hr/>
Total Revenue, Grants and Other Support	6,296,145
	<hr/>
Expenses	
Program Services	
Regular Education Programs	2,941,804
Operation and Maintenance of Plant	590,390
Special Education Programs	567,060
School Administration	398,136
Pupil Support Services	380,336
Special Programs	262,783
Food Service	186,890
Other Instructional	81,785
Instructional Staff Support	64,933
Depreciation	50,464
Central Services	40,841
Management and General	
Business Services	529,993
General Administration	2,739
	<hr/>
Total Expenses	6,098,154
	<hr/>
Increase in Net Assets	197,991
	<hr/>
Net Assets, Beginning of Year	1,241,613
	<hr/>
Net Assets, End of Year	\$ 1,439,604
	<hr/> <hr/>

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

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2008**

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 197,991
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used in Operating Activities	
Depreciation	50,464
(Increase) Decrease in:	
Accounts Receivable	(581,803)
Prepaid Expenses	(9,410)
Increase in Accounts Payable	<u>211,952</u>
Total Adjustments	<u>(328,797)</u>
Net Cash Used in Operating Activities	<u>(130,806)</u>
 Cash Flows from Investing Activities	
Fixed Asset Purchases	<u>(233,169)</u>
Net Cash Used in Investing Activities	<u>(233,169)</u>
Net Decrease in Cash and Cash Equivalents	(363,975)
Cash and Cash Equivalents, Beginning of Year	<u>1,205,950</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 841,975</u></u>

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

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

French and Montessori Education, Inc. (the Corporation) was created as a non-profit corporation under the laws of the State of Louisiana on October 28, 2005. The Corporation applied to the Orleans Parish School Board to operate a Type III charter school. On January 12, 2006, the Orleans Parish School Board approved the charter of Audubon Charter School (the School). The charter was granted for a minimum of five years. The School serves eligible students in pre-kindergarten through eighth grade.

The formation of the School was in response to the devastation left by Hurricane Katrina. Accordingly, the Orleans Parish School Board is allowing the School to operate in the building formerly used by the Audubon Montessori School (a school of the Orleans Parish School Board) rent free. A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Financial Statement Presentation

The School follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions. Restricted contributions, for which the restriction is met in the same year, are classified as unrestricted.

Basis of Accounting

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

Revenues

The School's primary source of funding is through the State Public School Fund and the Orleans Parish School Board. The School received \$4,462,369 from the State and School Board based on eligible students in attendance on a monthly basis. State and Federal grants are on a cost reimbursement basis. Accrual is made when eligible expenses occur.

Fixed Assets and Depreciation

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

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fixed Assets and Depreciation (Continued)

Depreciation of fixed assets is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$50,464 for the year ended June 30, 2008. The following are the estimated useful lives of the fixed assets of the School:

Improvements	7 - 10 Years
Computers	3 Years

Income Taxes

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization.

Statement of Cash Flows

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations

The School received 70% of its revenues in the year ended June 30, 2008, from the State of Louisiana, subject to its charter school contract with the State, and 15% of its funding from the Federal Government. Financial instruments that potentially subject the School to concentrations of credit risk consist of cash in excess of federally insured limits of \$786,140.

Compensated Absences

The Board of Directors of the School grants all contracted employees of the School a total of 10 days of sick pay per year, provided, however, that the employee is contracted for a full year. Contracted employees may carry over 4 sick days from year to year. The liability at June 30, 2008, is considered to be immaterial and is not recorded in the financial statements.

Note 2. Cash and Cash Equivalents

As of June 30, 2008, cash consists of demand deposits in a local bank of \$886,140.

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 3. Accounts Receivable

As of June 30, 2008, accounts receivable totaled \$581,803 which was a receivable for a federal grant passed through the State of Louisiana. This receivable is considered to be fully collectible.

Note 4. Fixed Assets

Depreciation expense for the year ended June 30, 2008, was \$50,464.

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

Note 5. Retirement Plans

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

Plan Description

The TRSL provides retirement benefits as well as death and disability benefits. Ten years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123, (225)925-6446.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The current rate is 16.6% of annual eligible covered payroll. Member contributions and employer contributions for the System are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the years ended June 30, 2008, 2007 and 2006 was \$548,441, \$337,471 and \$110,691, respectively, which is equal to the required contribution.

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



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Audubon Charter School
New Orleans, Louisiana

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

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

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

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

Findings:

None

Education Levels of Public School Staff (Schedule 2)

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

Findings:

None

Number and Type of Public Schools (Schedule 3)

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

Findings:

None

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

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

Findings:

None

Public Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full time equivalent as reported on the schedule and traced each to the individual's personnel file and determined if the individual's salary, extra compensation, and full time equivalents were properly included on the schedule.

Findings:

None

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

Findings:

None

Class Size Characteristics (Schedule 6)

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

Findings:

None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

Findings:

None

Graduation Exit Exam (Schedule 8)

11. Not applicable.

iLEAP Test Results (Schedule 9)

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

Findings:

None

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

This report is intended solely for the use of management of the Audubon Charter School, the Orleans Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


A Professional Accounting Corporation

September 19, 2008

AUDUBON CHARTER SCHOOL
Schedules Required by State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2008

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

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

Schedule 2 - Education Levels of Public School Staff

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

Schedule 3 - Number and Type of Public Schools

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

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

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

Schedule 5 - Public School Staff Data

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

Schedule 6 - Class Size Characteristics

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

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

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

Schedule 8 - Graduation Exit Exam

Not applicable.

Schedule 9 - iLEAP Test Results

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

AUDUBON CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2008

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$	2,316,340
Other Instructional Staff Salaries		620,733
Employee Benefits		680,605
Purchased Professional and Technical Services		20,550
Instructional Materials and Supplies		74,099
Instructional Equipment		59,320
		<u>59,320</u>
Total Teacher and Student Interaction Activities		\$ 3,771,647
Other Instructional Activities		81,785
Pupil Support Activities		380,336
Less: Equipment for Pupil Support Activities		<u>-</u>
Net Pupil Support Activities		380,336
Instructional Staff Services		64,933
Less: Equipment for Instructional Staff Services		<u>-</u>
Net Instructional Staff Services		<u>64,933</u>
School Administration		398,136
Less: Equipment for School Administration		<u>-</u>
Net School Administration		<u>398,136</u>
Total General Fund Instructional Expenditures		<u>\$ 4,696,837</u>
Total General Fund Equipment Expenditures		<u>\$ -</u>

Certain Local Revenue Sources

Local Taxation Revenue

Constitutional Ad Valorem Taxes	\$	-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes		-
Other than School Taxes		-
Sales and Use Taxes		<u>-</u>
Total Local Taxation Revenue		<u>\$ -</u>

Local Earnings on Investment in Real Property

Earnings from 16 th Section Property	\$	-
Earnings from Other Real Property		<u>-</u>
Total Local Earnings on Investment in Real Property		<u>\$ -</u>

State Revenue in Lieu of Taxes

Revenue Sharing - Constitutional Tax	\$	-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		<u>-</u>
Total State Revenue in Lieu of Taxes		<u>\$ -</u>

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

AUDUBON CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Education Levels of Public School Staff
 As of October 1, 2007

Category	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	34	65%						
Master's Degree	17	33%			1	50%		
Master's Degree + 30	1	2%			1	50%		
Specialist in Education								
Ph. D. or Ed. D.								
Total	52	100%	0	0%	2	100%	0	0%

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Number and Type of Public Schools
For the Year Ended June 30, 2008**

Type	Number
Elementary	0
Middle/Jr. High	0
Secondary	0
Combination	1
Total	1

**AUDUBON CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Experience of Public Principals, Assistant Principals,
 and Full Time Classroom Teachers
 As of October 1, 2007**

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ Yrs.	Total
Assistant Principals							1	1
Principals							1	1
Classroom Teachers	5	10	6	4	8	9	10	52
Total	5	10	6	4	8	9	12	54

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Public School Staff Data
For the Year Ended June 30, 2008**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	\$48,009	\$47,838
Average Classroom Teachers Salary Excluding Extra Compensation	\$47,100	\$46,734
Number of Teacher Full Time Equivalents (FTEs) Used in Computation of Average Salaries	48	46

**AUDUBON CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Class Size Characteristics
 As of October 1, 2007**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Middle/Jr. High								
Secondary								
Combination	94%	49	6%	3	0%	0	0%	0

AUDUBON CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Louisiana Educational Assessment Program (LEAP)
 For the Year Ended June 30, 2008

District Achievement Level Results	English Language Arts						Mathematics					
	2008		2007		2006		2008		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	3	4%	5	9%	3	14%	4	5%	1	2%	0	0%
Mastery	21	26%	23	40%	6	29%	16	20%	5	9%	6	29%
Basic	36	44%	29	49%	10	48%	35	43%	45	77%	12	57%
Approaching Basic	15	18%	1	2%	2	9%	14	17%	3	5%	2	9%
Unsatisfactory	7	8%	0	0%	0	0%	13	15%	4	7%	1	5%
Total	82	100%	58	100%	21	100%	82	100%	58	100%	21	100%

District Achievement Level Results	Science						Social Studies					
	2008		2007		2006		2008		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0%	0	0%	0	0%	0	0%	1	5%	0	0%
Mastery	2	10%	5	26%	3	25%	2	10%	4	21%	3	25%
Basic	13	65%	8	42%	4	33%	15	75%	9	48%	7	59%
Approaching Basic	4	20%	3	16%	3	25%	3	15%	5	26%	1	8%
Unsatisfactory	1	5%	3	16%	2	17%	0	0%	0	0%	1	8%
Total	20	100%	19	100%	12	100%	20	100%	19	100%	12	100%

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Graduation Exit Exam
For the Year Ended June 30, 2008**

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

AUDUBON CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 iLEAP Test Results
 For the Year Ended June 30, 2008

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies											
	2008		2007		2006		2008		2007		2006		2008		2007		2006		2008		2007		2006							
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%						
Students																														
Grade 3																														
Advanced	0	0%	4	5%	3	7%	0	0%	7	10%	2	4%	1	1%	6	8%	2	4%	1	1%	2	3%	1	2%						
Mastery	9	13%	22	31%	9	20%	8	11%	12	17%	10	22%	1	1%	16	22%	12	26%	1	1%	17	24%	17	37%						
Basic	18	25%	26	36%	21	45%	20	28%	32	44%	27	59%	20	28%	32	44%	19	41%	34	48%	39	54%	18	39%						
Approaching Basic	26	36%	17	24%	8	17%	24	33%	14	19%	2	4%	30	42%	11	16%	10	22%	19	26%	11	15%	9	20%						
Unsatisfactory	19	26%	3	4%	5	11%	20	28%	7	10%	5	11%	20	28%	7	10%	3	7%	17	24%	3	4%	1	2%						
Total	72	100%	72	100%	46	100%	72	100%	72	100%	46	100%	72	100%	72	100%	46	100%	72	100%	72	100%	46	100%						

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies											
	2008		2007		2006		2008		2007		2006		2008		2007		2006		2008		2007		2006							
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%						
Students																														
Grade 5																														
Advanced	0	0%	0	0%	0	0%	3	6%	5	14%	0	0%	0	0%	2	5%	1	7%	1	2%	1	3%	0	0%						
Mastery	4	8%	11	30%	4	27%	0	0%	6	16%	1	7%	1	2%	9	24%	0	0%	5	10%	6	16%	2	13%						
Basic	21	43%	20	53%	5	33%	18	37%	21	56%	10	67%	14	29%	22	60%	7	47%	24	49%	28	76%	8	54%						
Approaching Basic	13	27%	5	14%	6	40%	13	27%	4	11%	2	13%	25	51%	4	11%	5	33%	11	22%	2	5%	5	33%						
Unsatisfactory	11	22%	1	3%	0	0%	15	30%	1	3%	2	13%	9	18%	0	0%	2	13%	8	17%	0	0%	0	0%						
Total	49	100%	37	100%	15	100%	49	100%	37	100%	15	100%	49	100%	37	100%	15	100%	49	100%	37	100%	15	100%						

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies											
	2008		2007		2006		2008		2007		2006		2008		2007		2006		2008		2007		2006							
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%						
Students																														
Grade 6																														
Advanced	3	6%	4	9%	1	5%	4	7%	6	14%	0	0%	0	0%	1	2%	0	0%	7	13%	1	2%	2	11%						
Mastery	9	16%	17	39%	6	32%	5	9%	13	30%	4	21%	4	7%	7	16%	2	11%	6	11%	9	20%	2	11%						
Basic	35	65%	21	48%	8	42%	35	65%	23	52%	11	58%	31	57%	29	66%	11	57%	32	59%	26	59%	10	52%						
Approaching Basic	6	11%	1	2%	4	21%	7	13%	1	2%	3	16%	19	36%	4	9%	4	21%	7	13%	6	14%	4	21%						
Unsatisfactory	1	2%	1	2%	0	0%	3	6%	1	2%	1	5%	0	0%	3	7%	2	11%	2	4%	2	5%	1	5%						
Total	54	100%	44	100%	19	100%	54	100%	44	100%	19	100%	54	100%	44	100%	19	100%	54	100%	44	100%	19	100%						

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies											
	2008		2007		2006		2008		2007		2006		2008		2007		2006		2008		2007		2006							
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%						
Students																														
Grade 7																														
Advanced	0	0%	0	0%	3	13%	0	0%	1	4%	1	4%	0	0%	0	0%	0	0%	0	0%	1	4%	0	0%						
Mastery	10	42%	7	28%	4	17%	2	8%	3	12%	5	22%	2	8%	5	20%	5	22%	5	21%	1	4%	5	22%						
Basic	13	54%	14	56%	8	35%	17	71%	18	72%	11	48%	17	71%	12	48%	7	30%	18	75%	14	56%	17	74%						
Approaching Basic	1	4%	4	16%	8	35%	3	13%	1	4%	4	17%	5	21%	8	32%	9	39%	1	4%	8	32%	1	4%						
Unsatisfactory	0	0%	0	0%	0	0%	2	8%	2	8%	2	9%	0	0%	0	0%	2	9%	0	0%	1	4%	0	0%						
Total	24	100%	25	100%	23	100%	24	100%	25	100%	23	100%	24	100%	25	100%	23	100%	24	100%	25	100%	23	100%						

SUPPLEMENTAL INFORMATION

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
June 30, 2008**

Board Members	Compensation
Carlos Zervigón, Chairperson 8424 Zimple Street New Orleans, LA 70118	\$ -0-
Teddi Locke, Vice-Chairperson 7818 Panola Street New Orleans, LA 70118	-0-
James Reiss, Treasurer 1228 Pleasant Street New Orleans, LA 70115	-0-
Sharon S. Nossiter, Secretary 2828 Coliseum Street New Orleans, LA 70115	-0-
Olivier Brochenin 1340 Poydras Street, Suite 1710 New Orleans, LA 70112	-0-
Kenneth Ducote 1934 Burgundy Street New Orleans, LA 70116	-0-
Allen Miller 365 Canal Street, Suite 2000 New Orleans, LA 70130	-0-
Wynn Seemann 428 Walnut Street New Orleans, LA 70118	-0-
Edwin Shorty Jr. 650 Poydras Street, Suite 1400 New Orleans, LA 70130	-0-
Cornelius Tilton 819 First Street New Orleans, LA 70130	-0-
Laura Watts 909 Poydras Street New Orleans, LA 70112	-0-
Gary Allen Wood 2800 Chartres Street New Orleans, LA 70117	-0-



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Audubon Charter School
New Orleans, Louisiana

We have audited the financial statements of Audubon Charter School (a non-profit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated September 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Audubon Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Audubon Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the deficiencies described as items 2008-1 and 2008-2 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.


Compliance and Other Matters

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

We noted certain matters that we reported to management of the Audubon Charter School in a separate letter dated September 19, 2008.

Audubon Charter School's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Audubon Charter School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, and the Orleans Parish School Board, and federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


A Professional Accounting Corporation

September 19, 2008



MANAGEMENT LETTER

To the Board of Directors
Audubon Charter School
New Orleans, Louisiana

In planning and performing our audit of the financial statements of Audubon Charter School (the School), a non-profit corporation, as of and for the year ended June 30, 2008, we considered the School's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

However, during our audit, we became aware of a matter that may result in an opportunity to strengthen internal controls and operating efficiency. This letter does not affect our report dated September 19, 2008, on the financial statements of the School.

We will review the status of this comment during our next engagement. We will be pleased to discuss this comment in further detail at your convenience, or to assist you in implementing the recommendation. Our comment is as follows:

Unreconciled Differences in Bank Reconciliation

Monthly bank account reconciliations are the primary internal control procedure relating to the School's cash accounts. During fiscal ending June 30, 2008, bank account reconciliations were prepared; however, the accounts were not completely reconciled. As of June 30, 2008, there was an unreconciled difference in the general checking account. Although the amount may not be material to the overall financial position of the School, it may obscure items (such as bank errors or improperly recorded transactions) that would be a cause for investigation if the items were apparent. Any unreconciled amount should be investigated and not be allowed to carry over from month to month.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, the Orleans Parish School Board, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A Professional Accounting Corporation

September 19, 2008

110 VETERANS MEMORIAL BOULEVARD, SUITE 200, METAIRIE, LA 70005-4958 • 504.835.5522 • FAX 504.835.5535
5100 VILLAGE WALK, SUITE 202, COVINGTON, LA 70433-4012 • 985.892.5850 • FAX 985.892.5956
TOWN HALL WEST, 10000 PERKINS ROWE, STE. 200, BATON ROUGE, LA 70810-1797 • 225.296.5150 • FAX 225.296.5151
WWW.LAPORTE.COM

RSM McGladrey Network



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Audubon Charter School
New Orleans, Louisiana

Compliance

We have audited the compliance of the Audubon Charter School (the School), a non-profit corporation, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The School's major federal programs are identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In our opinion the School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on


compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, the Orleans Parish School Board, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


A Professional Accounting Corporation

September 19, 2008

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Federal Expenditures
United States Department of Education		
(Passed through the Orleans Parish School Board)		
Title I Grants to Local Education Agencies (LEAs) - Major Program	84.010	\$ 272,295
Improving Teacher Quality State Grants	84.367	81,114
State Grants for Innovative Programs - Major Program	84.298	68,000
Hurricane Relief - Restart School Operations	84.938	55,367
Hurricane Katrina Foreign Contributions Grant	84.940C	24,342
Special Education Grants - Grants to States (IDEA)	84.027	<u>142,481</u>
Total United States Department of Education		<u><u>\$ 643,599</u></u>
Total Federal Financial Assistance		<u><u>\$ 643,599</u></u>

Notes to the Schedule of Expenditures of Federal Awards

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

Note 2 - The School recorded revenues of \$341,493 in federal awards that were expended in the year ended June 30, 2007.

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008**

A. Summary of Audit Results

Financial Statements

1) Type of auditor's report	Unqualified
2) Compliance and internal control over financial reporting	
a) Material weaknesses identified	No
b) Significant deficiency identified not considered to be material weaknesses	Yes
c) Noncompliance noted	No
3) Management letter comment provided	Yes

Federal Awards

4) Internal control over major programs	
Material weaknesses identified	No
Significant deficiency identified not considered to be material weaknesses	No
5) Type of auditor's report issued on compliance for major federal programs	Unqualified
6) Audit findings disclosed that are required in accordance with OMB Circular A-133, Section 510(a)	None
7) Identification of major programs	
84.010 - Title I Grants to Local Educational Agencies	
84.298 - State Grants for Innovative Programs	
8) Dollar threshold used to distinguish between Type A and B programs	\$300,000
9) Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530	No

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2008**

B. Findings Related to the Financial Statements

2008-1 Financial Statement

Criteria:

Based on current auditing standards, the School should have a person who has the qualifications and training necessary to prepare the financial statements and the notes to the financial statements in accordance with generally accepted accounting principles. Additionally, the School should have someone with the qualifications and training necessary to review journal entries made during the year in order to reduce the reversals of incorrect journal entries recorded.

Condition:

We assisted the School in making GAAP based adjustments and preparing the financial statements and the notes to the financial statements.

Cause:

The School does not have a person who possesses the qualifications listed above.

Recommendation:

The School should hire an accountant who possesses the qualifications listed above to assist them during the year.

Management's Response:

The School has hired an accountant who possesses the qualifications listed above to assist them beginning July 1, 2008.

2008-2 Inadequate Controls Over Payroll Allocations

Criteria:

Internal controls over the payroll process are required in order to reduce the likelihood that a material misstatement of the financial statement will not be prevented or detected by the School's internal controls.

Condition:

Payroll had not been allocated for the year to the appropriate categories.

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2008**

B. Findings Related to the Financial Statements (Continued)

2008-2 Inadequate Controls Over Payroll Allocations (Continued)

Cause:

The cause of the condition appears to be an inability to properly determine the correct allocation amounts as well as an oversight by management.

Recommendation:

The School should work with the third party payroll service provider in developing a report to include the proper payroll allocations for each department. In addition, the School should have a person who has the training and qualifications to prepare financial statements and record the proper payroll allocations.

Management's Response:

The School has contacted their third party payroll service provider and given them the necessary information to allow for the preparation of reports which will properly allocate payroll for each department. The School has also hired an accountant who possess the qualifications listed above to assist them in recording the allocations.

C. Findings and Questioned Costs Related to Major Federal Award Programs

None.

**AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2008**

Section I: Findings Related to the Financial Statements

2007-1 Financial Statements

Based on current auditing standards, the School should have a person who has the qualifications and training necessary to prepare the financial statements and the notes to the financial statements in accordance with generally accepted accounting principles.

Status: This condition has continued to 2008. See 2008-1 in the Schedule of Findings and Questioned Costs.

Section II: Findings and Questioned Costs Related to Major Federal Award Programs

None.

Section III: Management Letter

None