

**FRENCH AND MONTESSORI
EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Annual Financial Statements

June 30, 2011

Contents

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

Financial Statements

Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10

Independent Accountant's Report on Applying Agreed-Upon Procedures	12 - 15
---	---------

Schedules Required by Louisiana State Law - (R.S. 24:514 Performance and Statistical Data)	16
---	----

	Schedule	
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	17
Education Levels of Public School Staff	2	18
Number and Type of Public Schools	3	19
Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers	4	20
Public School Staff Data	5	21
Class Size Characteristics	6	22
Louisiana Educational Assessment Program (LEAP)	7	23
Graduation Exit Exam	8	24
iLEAP Test Results	9	25

Supplemental Information

Schedule of Board of Directors	27
--------------------------------	----

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	28 - 29
---	---------

Contents (Continued)

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	30 - 31
--	---------

Schedule of Expenditures of Federal Awards	32
---	----

Schedule of Findings and Questioned Costs	33 - 34
--	---------

Schedule of Prior Year Findings and Questioned Costs	35
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Independent Auditor's Report

To the Board of Directors
French and Montessori Education, Inc.
d/b/a Audubon Charter School
New Orleans, Louisiana

We have audited the accompanying statement of financial position of French and Montessori Education, Inc., d/b/a Audubon Charter School (the School), a non-profit organization, as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 21, 2011, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the School taken as a whole. The accompanying 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 purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. 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 21, 2011

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Financial Position
June 30, 2011**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 1,891,966
Accounts Receivable	768,314
Investments	8,891
Prepaid Expenses	<u>182</u>
Total Current Assets	<u>2,669,353</u>
Fixed Assets	
Computers	308,711
Improvements	75,547
Accumulated Depreciation	<u>(300,114)</u>
Total Fixed Assets, Net	<u>84,144</u>
Total Assets	<u><u>\$ 2,753,497</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	18,857
Accrued Expenses	151,794
Deferred Revenue	<u>74,492</u>
Total Liabilities	<u>245,143</u>
Net Assets	
Unrestricted	<u>2,508,354</u>
Total Net Assets	<u>2,508,354</u>
Total Liabilities and Net Assets	<u><u>\$ 2,753,497</u></u>

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2011**

	Unrestricted
Revenue, Grants and Other Support	
State and Local Public School Funding	\$ 5,254,442
Federal Grants	819,850
Other Income	397,468
Donations	204,252
Student Activity Revenue	187,304
Fee Revenue	94,137
Other State Funding	23,591
Interest Income	6,780
	<hr/>
Total Revenue, Grants and Other Support	6,987,824
	<hr/>
Expenses	
Program Services	
Regular Education Programs	3,153,884
Special Education Programs	626,279
Operation and Maintenance of Plant	549,230
School Administration	436,344
Special Programs	413,295
Pupil Support Services	400,307
Instructional Staff Support	372,974
Depreciation	62,500
Food Service	24,150
Management and General	
Central Services	169,274
General Administration	91,286
Business Services	83,201
	<hr/>
Total Expenses	6,382,724
	<hr/>
Change in Net Assets	605,100
	<hr/>
Net Assets, Beginning of Year	1,903,254
	<hr/>
Net Assets, End of Year	\$ 2,508,354
	<hr/> <hr/>

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2011**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 605,100
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	62,500
(Increase) Decrease in:	
Accounts Receivable	(206,406)
Prepaid Expenses	110,514
Increase (Decrease) in:	
Accounts Payable	(16,264)
Accrued Liabilities	(99,116)
Deferred Revenue	74,492
	<u>74,492</u>
Total Adjustments	<u>(74,280)</u>
Net Cash Provided by Operating Activities	<u>530,820</u>
Cash Flows from Investing Activities	
Purchase of Investments	(8,891)
Purchase of Fixed Assets	(5,676)
	<u>(14,567)</u>
Net Cash Used in Investing Activities	<u>(14,567)</u>
Net Increase in Cash and Cash Equivalents	516,253
Cash and Cash Equivalents, Beginning of Year	<u>1,375,713</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,891,966</u></u>

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

French and Montessori Education, Inc. (FAME) was created as a non-profit corporation under the laws of the State of Louisiana on October 28, 2005. FAME 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 the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

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

Basis of Accounting

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

Investments

Investments consist of stock and money market funds classified as available-for-sale and are carried at fair value. Note 3 explains the basis for fair value measurement of investments.

Revenues

The School's primary source of funding is through the State Public School Fund and the Orleans Parish School Board. The School received \$5,254,442 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. An accrual is made when eligible expenses are incurred.

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fixed Assets and Depreciation

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

Depreciation of fixed assets is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$62,500 for the year ended June 30, 2011. 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. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

Statement of Cash Flows

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

Use of Estimates

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

Concentrations

The School received 75% of its revenues in the year ended June 30, 2011, from local sources and the State of Louisiana, subject to its charter school contract with the State, and 12% of its funding from the Federal Government.

Concentrations of Credit Risk Arising From Cash Deposits in Excess of Insured Limits

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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, 2011, is considered to be immaterial and is not recorded in the financial statements.

Note 2. Cash and Cash Equivalents

The School's cash and cash equivalents (book balances) at June 30, 2011, were \$1,891,966, which are stated at cost which approximates market.

Note 3. Fair Value Measurements

FASB ASC No. 820, Fair Value Measurement, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets, which have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs, which have the lowest priority, use primarily unobservable inputs. The School uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the School measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Fair values of assets measured on a recurring basis at June 30, 2011, were as follows:

	2011			
	Level 1	Level 2	Level 3	Fair Value Total
Investments				
Domestic Common Stocks and Equity Funds	\$ 8,123	\$ -	\$ -	\$ 8,123
Money Market Funds and Other Cash Equivalents	768	-	-	768
Total Investments	\$ 8,891	\$ -	\$ -	\$ 8,891

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 4. Accounts Receivable

As of June 30, 2011, accounts receivable totaled \$768,314, \$41,841 of which is a receivable for state grants, \$65,000 of which is an E-Rate funds receivable, and \$661,773 of which is a receivable for federal grants passed through the State of Louisiana. These receivables are considered to be fully collectible.

Note 5. Fixed Assets

Depreciation expense for the year ended June 30, 2011, was \$62,500. Depreciation is calculated using the straight-line method with useful lives of 3, 7, or 10 years.

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

Note 6. Deferred Revenue

Deferred revenue consists of funds held as of June 30, 2011, which include unexpended private grant funds for 2011/2012 programs and events.

Note 7. Accrued Expenses

Accrued expenses consist of the following:

Accrued Payroll	\$143,442
Accrued Payroll Taxes and Deductions	<u>8,352</u>
Total	<u>\$151,794</u>

Note 8. Retirement Plan

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 8. Retirement Plan (Continued)

Plan Description

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

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 20.2% of annual eligible covered payroll. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the plan for the years ended June 30, 2011, 2010, and 2009 were \$712,234, \$580,177, and \$590,374, respectively, which is equal to the required contribution.

Note 9. Uncertain Income Taxes

The School's 2007, 2008 and 2009 tax returns were filed appropriately. As of September 21, 2011, the School had not filed their 2010 tax return. The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The School's tax filings are subject to audit by various taxing authorities. The School's open audit periods are 2007 through 2009. Management has evaluated the School's tax position and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 21, 2011, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
French and Montessori Education, Inc.
d/b/a 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 French and Montessori Education, Inc., d/b/a Audubon Charter School (the School) and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the 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

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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 the School’s 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 School Staff Data (Schedule 5)

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

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

Findings:

None

Class Size Characteristics (Schedule 6)

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

Findings:

None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

Findings:

None

Graduation Exit Exam (Schedule 8)

11. Not applicable.

iLEAP Test Results (Schedule 9)

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

Findings:

None

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

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



A Professional Accounting Corporation

September 21, 2011

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2011**

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 for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule contains three years of data.

Schedule 8 - Graduation Exit Exam

Not applicable.

Schedule 9 - iLEAP Test Results

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2011**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 2,125,468
Other Instructional Staff Salaries	565,922
Instructional Staff Employee Benefits	833,566
Purchased Professional and Technical Services	1,920
Instructional Materials and Supplies	119,463
Instructional Equipment	829

Total Teacher and Student Interaction Activities \$ 3,647,168

Other Instructional Activities -

Pupil Support Services	195,639
Less: Equipment for Pupil Support Services	-

Net Pupil Support Services 195,639

Instructional Staff Services	372,396
Less: Equipment for Instructional Staff Services	-

Net Instructional Staff Services 372,396

School Administration	436,344
Less: Equipment for School Administration	-

Net School Administration 436,344

Total General Fund Instructional Expenditures \$ 4,651,547

Total General Fund Equipment Expenditures \$ 829

Certain Local Revenue Sources

Local Taxation Revenue

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

Total Local Taxation Revenue \$ -

Local Earnings on Investment in Real Property

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

Total Local Earnings on Investment in Real Property \$ -

State Revenue in Lieu of Taxes

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

Total State Revenue in Lieu of Taxes \$ -

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

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Education Levels of Public School Staff
As of October 1, 2010**

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	58%	2	100%				
Master's Degree	23	40%			1	50%		
Master's Degree +30	1	2%			1	50%		
Specialist in Education								
Ph. D. or Ed. D.								
Total	58	100%	2	100%	2	100%		

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Number and Type of Public Schools
For the Year Ended June 30, 2011**

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

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Experience of Public Principals, Assistant Principals,
and Full Time Classroom Teachers
As of October 1, 2010**

	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	7	11	15	5	5	6	11	60
Total	7	11	15	5	5	6	13	62

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Public School Staff Data
For the Year Ended June 30, 2011**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$46,539	\$48,987
Average Classroom Teachers' Salary Excluding Extra Compensation	\$46,026	\$48,472
Number of Teacher Full Time Equivalent (FTEs) Used in Computation of Average Salaries	59.0	56.0

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Class Size Characteristics
As of October 1, 2010**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	34%	12	63%	22	3%	1		
Elementary Activity Classes								

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2011**

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2011		2010		2009		2011		2010		2009		2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4																								
Advanced	7	11%	7	7%	3	4%	10	15%	7	7%	2	3%	3	5%	6	6%	9	13%	4	6%	3	3%	7	10%
Mastery	26	40%	35	37%	20	28%	23	36%	27	30%	9	13%	14	21%	21	22%	12	16%	17	26%	23	24%	15	21%
Basic	30	46%	41	44%	39	54%	26	40%	43	46%	35	49%	39	60%	49	52%	33	46%	41	63%	48	52%	35	49%
Approaching Basic	2	3%	10	11%	9	13%	4	6%	10	11%	19	26%	7	11%	15	17%	15	21%	3	5%	14	15%	10	14%
Unsatisfactory	0	0%	1	1%	1	1%	2	3%	7	6%	7	9%	2	3%	3	3%	3	4%	0	0%	6	6%	5	6%
Total	65	100%	94	100%	72	100%	65	100%	94	100%	72	100%	65	100%	94	100%	72	100%	65	100%	94	100%	72	100%

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2011		2010		2009		2011		2010		2009		2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8																								
Advanced	4	8%	4	9%	0	0%	1	2%	4	9%	3	14%	2	4%	0	0%	1	5%	1	2%	0	0%	0	0%
Mastery	21	41%	11	25%	4	18%	3	6%	10	23%	2	9%	19	37%	11	25%	3	14%	18	35%	12	27%	8	36%
Basic	25	49%	28	64%	15	68%	42	82%	26	59%	14	63%	25	49%	28	64%	10	45%	29	57%	31	71%	11	50%
Approaching Basic	1	2%	1	2%	3	14%	3	6%	3	7%	3	14%	5	10%	5	11%	8	36%	3	6%	1	2%	3	14%
Unsatisfactory	0	0%	0	0%	0	0%	2	4%	1	2%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total	51	100%	44	100%	22	100%	51	100%	44	100%	22	100%	51	100%	44	100%	22	100%	51	100%	44	100%	22	100%

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Graduation Exit Exam
For the Year Ended June 30, 2011**

The School does not have grades 10 or 11; therefore, this schedule does not apply.

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

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
iLEAP Test Results
For the Year Ended June 30, 2011**

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2011		2010		2009		2011		2010		2009		2011		2010		2009		2011		2010		2009	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 3																								
Advanced	4	6%	5	7%	6	7%	12	16%	6	8%	8	9%	8	11%	1	1%	4	4%	3	4%	3	4%	1	1%
Mastery	29	39%	14	20%	17	19%	15	20%	21	30%	21	23%	14	19%	16	23%	22	24%	19	26%	16	23%	21	23%
Basic	31	42%	34	48%	46	51%	36	49%	33	46%	43	48%	35	47%	33	47%	37	42%	39	53%	33	46%	53	59%
Approaching Basic	9	12%	15	21%	17	19%	10	14%	8	12%	9	10%	13	18%	15	21%	22	24%	13	17%	15	21%	11	12%
Unsatisfactory	1	1%	3	4%	4	4%	1	1%	3	4%	9	10%	4	5%	6	8%	5	6%	0	0%	4	6%	4	5%
Total	74	100%	71	100%	90	100%	74	100%	71	100%	90	100%	74	100%	71	100%	90	100%	74	100%	71	100%	90	100%

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2011		2010		2009		2011		2010		2009		2011		2010		2009		2011		2010		2009	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 5																								
Advanced	9	11%	7	11%	5	8%	17	22%	7	11%	11	17%	8	10%	4	6%	4	6%	3	4%	2	3%	5	8%
Mastery	24	31%	18	27%	21	32%	11	14%	21	32%	5	8%	16	20%	15	23%	18	27%	12	15%	11	17%	13	20%
Basic	34	43%	31	47%	28	42%	35	44%	22	33%	31	47%	43	55%	32	48%	24	37%	43	55%	36	55%	32	47%
Approaching Basic	9	11%	8	12%	10	15%	11	14%	8	12%	11	17%	11	14%	13	20%	14	21%	13	16%	9	13%	11	17%
Unsatisfactory	3	4%	2	3%	2	3%	5	6%	8	12%	8	11%	1	1%	2	3%	6	9%	8	10%	8	12%	5	8%
Total	79	100%	66	100%	66	100%	79	100%	66	100%	66	100%	79	100%	66	100%	66	100%	79	100%	66	100%	66	100%

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2011		2010		2009		2011		2010		2009		2011		2010		2009		2011		2010		2009	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 6																								
Advanced	6	10%	13	21%	1	2%	21	34%	10	16%	2	3%	8	13%	4	6%	1	2%	15	24%	16	25%	12	19%
Mastery	20	32%	21	33%	13	20%	18	29%	16	25%	8	13%	23	37%	21	33%	10	16%	16	26%	13	21%	15	24%
Basic	29	47%	25	39%	42	67%	21	34%	35	56%	46	73%	27	44%	30	48%	39	62%	28	45%	27	43%	31	49%
Approaching Basic	6	10%	3	5%	5	8%	2	3%	0	0%	3	5%	4	6%	7	11%	11	17%	3	5%	4	6%	5	8%
Unsatisfactory	1	1%	1	2%	2	3%	0	0%	2	3%	4	6%	0	0%	1	2%	2	3%	0	0%	3	5%	0	0%
Total	62	100%	63	100%	63	100%	62	100%	63	100%	63	100%	62	100%	63	100%	63	100%	62	100%	63	100%	63	100%

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2011		2010		2009		2011		2010		2009		2011		2010		2009		2011		2010		2009	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
Grade 7																								
Advanced	16	25%	6	10%	3	6%	12	19%	4	6%	4	8%	4	6%	2	3%	1	2%	7	11%	3	5%	1	2%
Mastery	19	30%	16	26%	15	31%	15	23%	16	26%	7	14%	18	28%	12	19%	11	23%	23	36%	13	21%	18	38%
Basic	24	37%	37	59%	29	59%	32	50%	40	64%	34	70%	34	53%	39	63%	32	67%	32	50%	41	66%	27	56%
Approaching Basic	5	8%	3	5%	2	4%	5	8%	1	2%	4	8%	7	11%	8	13%	4	8%	2	3%	3	5%	2	4%
Unsatisfactory	0	0%	0	0%	0	0%	0	0%	1	2%	0	0%	1	2%	1	2%	0	0%	0	0%	2	3%	0	0%
Total	64	100%	62	100%	49	100%	64	100%	62	100%	49	100%	64	100%	62	100%	48	100%	64	100%	62	100%	48	100%

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

SUPPLEMENTAL INFORMATION

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2011**

Board Members	Compensation	Board Members	Compensation
Rev. Cornelius Tilton (Chairman) 819 First Street New Orleans, LA 70130	\$-0-	Wynn Seeman 428 Walnut Street New Orleans, LA 70118	\$-0-
Carlos Zervigon (Vice-Chair & Interim Treasurer) 8424 Zimple Street New Orleans, LA 70118	\$-0-	Robert Sloan 629 Loyola Avenue New Orleans, LA 70130	\$-0-
Gloria Bingmon (Secretary) 8418 Stroelitz Street New Orleans, LA 70118	\$-0-	Jacqueline Smith 1107 S. Peters Street New Orleans, LA 70130	\$-0-
Brandon Davis 6771 Marshall Foch Street New Orleans, LA 70124	\$-0-	Kimberley Washington P.O. Box 641115 Kenner, LA 70064	\$-0-
Timothy Jackson 5629 Bellaire Drive New Orleans, LA 70124	\$-0-	Hon. Oliver Brochenin French Consul General	\$-0-
Teddi Locke 7818 Panola Street New Orleans, LA 70118	\$-0-	Derek Bardell 9029 Quince Street New Orleans, LA 70118	\$-0-
Miriam Maxwell-McGee 4127 Orleans Avenue New Orleans, LA 70119	\$-0-	Jean-Claude Brunet 1340 Poydras Street, Suite 170 New Orleans, LA 70112	\$-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
French and Montessori Education, Inc.
d/b/a Audubon Charter School
New Orleans, Louisiana

We have audited the financial statements of French and Montessori Education, Inc., d/b/a Audubon Charter School (the School), a non-profit organization, as of and for the year ended June 30, 2011, and have issued our report thereon dated September 21, 2011. 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 the 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 School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

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

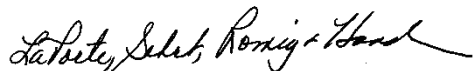
Compliance and Other Matters

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

We noted certain matters that we reported to the management of the School in a separate letter dated September 21, 2011.

The 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 the School's response and, accordingly, we express no opinion on it.

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



A Professional Accounting Corporation

September 21, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
French and Montessori Education, Inc.
d/b/a Audubon Charter School
New Orleans, Louisiana

Compliance

We have audited the compliance of French and Montessori Education, Inc., d/b/a 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 could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2011. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

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



A Professional Accounting Corporation

September 21, 2011

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011**

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	\$ 338,094
Education Jobs Fund - Major Program	84.410	113,429
Temporary Assistance for Needy Families (TANF)	93.558	66,317
Special Education - Grants to States (IDEA, Part B)	84.027	65,035
Title II Improving Teacher Quality State Grants	84.367	61,864
Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391	45,416
Hurricane Relief - Restart School Operations	84.938	26,424
		<u>716,579</u>
Total United States Department of Education		<u>\$ 716,579</u>
		<u>\$ 716,579</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 \$103,271 in federal awards that were expended in the year ended June 30, 2010.

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011**

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	None
b) Significant deficiencies identified not considered to be material weaknesses	None
c) Noncompliance noted	None
3) Management letter comment provided	No

Federal Awards

4) Internal control over major programs	
a) Material weaknesses identified	None
b) Significant deficiencies identified not considered to be material weaknesses	None
5) Type of auditor's report issued on compliance for major 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 84.391 - Special Education, Grants to States (IDEA Part B), Recovery Act 84.394 - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	
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

FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2011

B. Findings Related to the Financial Statements

I. Compliance and Internal Control Over Financial Reporting

None.

II. Management Letter Comment

None.

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

None.

**FRENCH AND MONTESSORI EDUCATION, INC.
D/B/A AUDUBON CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2011**

Section A: Findings Related to the Financial Statements

I. Compliance and Internal Control Over Financial Reporting

None.

II. Management Letter Comment

Periodic Accounts Payable Reconciliation

Status: This condition has been resolved.

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

None.