

**LAKE FOREST ELEMENTARY
CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Audit of Financial Statements

June 30, 2007 and 2006

Contents

Independent Auditors' Report	1
-------------------------------------	---

Financial Statements

Statement of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 8

Independent Accountants' Report on Applying Agreed-Upon Procedures	10 - 13
---	---------

Schedules Required by Louisiana State Law (R.S. 24:514 Performance and Statistical Data):	14
--	----

	Schedule	
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	15
Education Levels of Public School Staff	2	16
Number and Type of Public Schools	3	17
Experience of Public Principals and Full-Time Classroom Teachers	4	18
Public School Staff Data	5	19
Class Size Characteristics	6	20
Louisiana Educational Assessment Program (LEAP) for the 21 st Century	7	21
The Graduation Exit Exam for the 21 st Century	8	22
The ILEAP Tests	9	23

Supplemental Information

Schedule of Board of Directors	24
--------------------------------	----

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	25 - 26
--	---------

Schedule of Findings and Responses	27
---	----



Independent Auditors' Report

To the Board of Directors
Lake Forest Elementary Charter School
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Lake Forest Elementary Charter School (the School), a nonprofit organization, as of June 30, 2007, and the related statements of activities and cash flows for the year then ended and for the period from inception (April 2006) to June 30, 2006. 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 audits.

We conducted our audits 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 audits provide 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 Lake Forest Elementary Charter School as of June 30, 2007, and the results of its operations and its cash flows for the year then ended and for the initial period ended June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

An audit was performed for the purpose of forming an opinion on the financial statements of Lake Forest Elementary Charter School. The accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied to 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 2007, on our consideration of Lake Forest Elementary 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.


A Professional Accounting Corporation

August 27, 2007

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

WWW.LAPORTE.COM

RSM McGladrey Network
An Independently Owned Member

LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Statement of Financial Position
 June 30, 2007

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 953,377
Grants Receivable	215,540
	<hr/>
Total Current Assets	1,168,917
	<hr/>
Property and Equipment	
Furniture and Equipment	25,950
Leasehold Improvements	11,025
	<hr/>
Total at Cost	36,975
Less: Accumulated Depreciation	(2,674)
	<hr/>
Net Property and Equipment	34,301
	<hr/>
Total Assets	\$ 1,203,218
	<hr/> <hr/>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 6,126
Accrued Retirement Liabilities	5,935
Deferred Revenue	56,250
	<hr/>
Total Liabilities	68,311
	<hr/>
Net Assets	
Unrestricted	1,134,907
	<hr/>
Total Net Assets	1,134,907
	<hr/>
Total Liabilities and Net Assets	\$ 1,203,218
	<hr/> <hr/>

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

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statements of Activities
For the Year Ended June 30, 2007 and Period Ended June 30, 2006**

	Unrestricted 2007	Unrestricted 2006
Revenue, Grants and Other Support		
State Public School Funding	\$ 2,512,353	\$ 114,036
Federal Grants	445,680	22,706
Donations	33,599	98,738
Other Income	198,033	6,200
	<hr/>	<hr/>
Total Revenue, Grants and Other Support	3,189,665	241,680
Expenses		
Program Services		
Regular Education Programs	1,088,364	71,050
Special Education Programs	47,967	-
Other Instructional Programs	135,751	34
Special Programs	81,559	-
Support Services		
Pupil Support Services	77,890	-
School Administration	280,156	53,340
Business Services	126,116	6,038
Operation and Maintenance of Plant	238,661	6,529
Instructional Staff Support	63,367	650
Depreciation	2,674	-
Fundraising	16,292	-
	<hr/>	<hr/>
Total Expenses	2,158,797	137,641
Change in Net Assets	1,030,868	104,039
Net Assets, Beginning of Period	104,039	-
	<hr/>	<hr/>
Net Assets, End of Period	\$ 1,134,907	\$ 104,039
	<hr/> <hr/>	<hr/> <hr/>

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

LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Statements of Cash Flows
 For the Year Ended June 30, 2007 and Period Ended June 30, 2006

	2007	2006
Cash Flows Provided by Operating Activities		
Change in Net Assets	\$ 1,030,868	\$ 104,039
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,674	-
(Increase) in Grants Receivable	(192,834)	(22,706)
Decrease (Increase) in Prepaid Expenses	2,860	(2,860)
Increase in Accounts Payable	6,116	10
(Decrease) Increase in Accrued Retirement Liabilities	(9,816)	15,751
Increase in Deferred Revenue	56,250	-
Net Cash Provided by Operating Activities	896,118	94,234
Cash Flows Used in Investing Activities		
Purchase of Fixed Assets	(36,975)	-
Net Cash Used in Investing Activities	(36,975)	-
Net Increase in Cash and Cash Equivalents	859,143	94,234
Cash and Cash Equivalents, Beginning of Period	94,234	-
Cash and Cash Equivalents, End of Period	\$ 953,377	\$ 94,234

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

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
June 30, 2007 and 2006
Notes to Financial Statements**

Note 1. Summary of Significant Accounting Policies

Lake Forest Elementary Charter School (the School) was organized as a non-profit corporation under the laws of the State of Louisiana on March 14, 2006. The School entered into a Charter School Contract with the Orleans Parish School Board beginning January 6, 2006, whereby the School would operate a Type III charter school as defined in LSA R.S. 17:3971, et. seq. The charter was granted for a minimum of five years. The School serves eligible students in pre-kindergarten through eighth grade in Orleans Parish.

The formation of the School was in response to the devastation left by Hurricane Katrina. Accordingly, the State of Louisiana Recovery School District is allowing the School to operate in the building formerly used by the Frances Gaudet Elementary School (a school of the Orleans Parish School Board) rent free under a lease renewable annually.

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.

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. All significant receivables, payables, and other liabilities are reflected.

Comparative Financial Information

The School began operations in April, 2006 and the financial information for the period ended June 30, 2006 is presented for the three month period since inception.

Revenues

The School's primary source of funding is through the State Public School Fund and the Orleans Parish School Board. The School receives \$3,686 from the State and \$3,301 from the School Board per eligible student in attendance on October 1st, payable in monthly installments. The State's portion is passed through the School Board. State and Federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses occur.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
June 30, 2007 and 2006
Notes to Financial Statements**

Note 1. Summary of Significant Accounting Policies (Continued)

Grants Receivable

The school received various State and Federal grants as part of their start-up funding. The grants are on a reimbursement basis and grants receivable at year end are stated at unpaid balances for expenditures incurred during the periods.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Property and equipment are recorded at historical cost or estimated historical cost if historical cost is not available. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$2,674 for the year ended June 30, 2007. The following are the estimated useful lives of the assets of the School:

	<u>Useful Lives</u>
Leasehold Improvements	10 Years
Furniture and Equipment	5-7 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 liquid 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 79% and 47% of its revenues from the Orleans Parish School Board for the periods ended June 30, 2007 and 2006, respectively, subject to its charter school contract, and 14% and 9% of its funding from Federal sources passed through the School Board, for the periods ended June 30, 2007 and 2006, respectively.

Financial instruments that potentially subject the School to concentrations of credit risk consist of cash in excess of federally insured limits of \$860,495.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 June 30, 2007 and 2006
 Notes to Financial Statements**

Note 2. Cash and Cash Equivalents

As of June 30, 2007 and 2006, the carrying value of cash consisted of demand deposits in a local bank of \$953,377 and \$94,234, respectively.

Note 3. Grants Receivable

As of June 30, 2007 and 2006, grants receivable consist of amounts due from the following sources:

	<u>2007</u>	<u>2006</u>
Charter School Grants (CFDA #84.282A)	\$ 200,000	\$ 22,706
Hurricane Relief Grants (CFDA #84.938A)	<u>15,540</u>	<u>-</u>
Total	<u>\$ 215,540</u>	<u>\$ 22,706</u>

Note 4. Retirement Plans

Substantially all employees of the School are members of the Teachers' Retirement System of Louisiana or the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to the plan follows:

Teachers' Retirement System of Louisiana (TRS)

Plan Description

The TRS 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 TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. 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 15.8% of annual eligible covered payroll for the year ended June 30, 2007 and was 15.9% for the period ended June 30, 2006. Member contributions and employer contributions for the TRS 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 year ended June 30, 2007 and 2006, was \$176,787 and \$10,656, respectively, which is equal to the required contribution for the year.

Note 4. Retirement Plans (Continued)

Louisiana School Employees' Retirement System (LSERS)

Plan Description

The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is 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 LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804, or by calling (225) 925-6484.

Funding Policy

Plan members are required to contribute 7.5% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The current rate is 19.6% of annual covered salary for the year ended June 30, 2007. The School did not have any eligible members during the period ended June 30, 2006. Member contributions and employer contributions for the LSERS are established by state law, and rates are established by the Public Retirement Systems' Actuarial Committee. The School's contribution to the plan for the year ended June 30, 2007, was \$4,292, which is equal to the required contribution for the year.

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



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Lake Forest Elementary 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 Lake Forest Elementary 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 Lake Forest Elementary 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:

During our test of transactions, we noted several disbursements for which the vendor invoice could not be found. However, we performed alternative procedures to determine that the expenses were properly recorded.

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 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 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 full-time teachers, principals, and assistant principals 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 1 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 and Full-Time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals 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) for the 21st Century (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 Lake Forest Elementary Charter School.

Findings:

None

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. Not applicable.

The ILEAP Tests (Schedule 9)

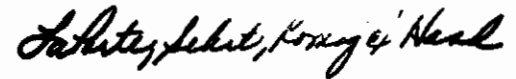
12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Lake Forest Elementary Charter School.

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 Lake Forest Elementary 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

August 27, 2007

LAKE FOREST ELEMENTARY CHARTER SCHOOL
Schedules Required by State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2007

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 non-public 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 and Full-Time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, 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) for the 21st Century

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

Schedule 8 - The Graduation Exit Exam for the 21st Century

Not applicable.

Schedule 9 - The ILEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 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.

LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2007 and Period Ended June 30, 2006

	2007	2006
General Fund Instructional and Equipment Expenditures		
General Fund Instructional Expenditures		
Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 821,794	\$ 51,629
Other Instructional Salaries	111,209	-
Employee Benefits	219,136	8,252
Instructional Materials and Supplies	38,580	11,169
Other Teacher/Student Interaction Activities	27,171	-
Total Teacher and Student Interaction Activities	\$ 1,217,890	\$ 71,050
Other Instructional Activities	135,751	-
Pupil Support Activities	77,890	-
Less: Equipment for Pupil Support Activities	-	-
Net Pupil Support Activities	77,890	-
Instructional Staff Services	63,367	650
Less: Equipment for Instructional Staff Services	-	-
Net Instructional Staff Services	63,367	650
Total General Fund Instructional Expenditures	1,494,898	71,700
Total General Fund Equipment Expenditures	\$ 36,975	\$ -
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 16th 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	\$ -	\$ -
Nonpublic Transportation Revenue	\$ -	\$ -

LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Education Levels of Public School Staff
 As of October 2, 2006

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelors Degree								
Bachelors Degree	18	83.33%						
Masters Degree	7	16.67%			1	100.00%		
Masters Degree + 30								
Specialist in Education								
Ph. D. or Ed. D.								
Total	25	100.00%	0	0.00%	1	100.00%	0	0.00%

Schedule 3

LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Number and Type of Public Schools
For the Year Ended June 30, 2007

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

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Experience of Public Principals and Full-Time Classroom Teachers
As of October 2, 2006**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals								0
Principals							1	1
Classroom Teachers	2	0	7	2	4	5	5	25
Total	2	0	7	2	4	5	6	26

LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Public School Staff Data
 For the Year Ended June 30, 2007

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$41,541	\$41,541
Average Classroom Teachers' Salary Excluding Extra Compensation	\$41,126	\$41,126
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	23.75	23.75

LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Class Size Characteristics
 As of October 2, 2006

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Combination	100%	22	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	0	0%	0

LAKE FOREST ELEMENTARY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Louisiana Educational Assessment Program (LEAP)
 For the 21ST Century
 For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	5	13%	N/A		N/A		0	0%	N/A		N/A	
Mastery	14	37%	N/A		N/A		10	26%	N/A		N/A	
Basic	18	47%	N/A		N/A		25	66%	N/A		N/A	
Approaching Basic	1	3%	N/A		N/A		3	8%	N/A		N/A	
Unsatisfactory	0	0%	N/A		N/A		0	0%	N/A		N/A	
Total	38	100%	N/A		N/A		38	100%	N/A		N/A	

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	N/A		N/A		N/A		N/A		N/A		N/A	
Mastery	N/A		N/A		N/A		N/A		N/A		N/A	
Basic	N/A		N/A		N/A		N/A		N/A		N/A	
Approaching Basic	N/A		N/A		N/A		N/A		N/A		N/A	
Unsatisfactory	N/A		N/A		N/A		N/A		N/A		N/A	
Total	N/A		N/A		N/A		N/A		N/A		N/A	

Schedule 8

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2007**

This schedule does not apply to Lake Forest Elementary Charter School as the school only had grades K-7th during the audit period.

LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
The ILEAP Tests
For the Year Ended June 30, 2007

	Composite 2007
Test of Basic Skills (ITBS)	
Grade 3	65%
Grade 5	66%
Grade 6	75%
Grade 7	62%

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
June 30, 2007**

BOARD MEMBERS

COMPENSATION

Mr. G. Lee Caston, President/Treasurer
22124 Nolan Road
Covington, LA 70435
(985) 264-0182

\$-0-

Ms. Windi D. Brown, Advisory Director
4007 St. Charles Ave., Apt 308
New Orleans, LA 70115
(504) 915-9696

\$-0-

Ms. Denise Williams, Secretary
5217 Citrus Blvd., Apt R-132
River Ridge, LA 70123
(504) 42-9706

\$-0-

Mr. Donald Pate
516 Beau Chen Drive
Mandeville, LA 70471
(504) 710-6518

\$-0-

Mrs. Gina Dupart
6652 Manchester Road
New Orleans, LA 70126
(504) 710-6518

\$-0-

Mrs. Leila Eames
7901 Read Blvd.
New Orleans, LA 70127
(504) 259-7956

\$-0-

Mr. Noble Garner
4758 Arthur Drive
New Orleans, LA 70127
(504) 247-6727

\$-0-

Ms. Maryalice Jordan
15941 Number 77 Street, Suite 1
Scottsdale, AZ 85260
(602) 293-6809

\$-0-

Mr. Norman Robinson
324 Delaronde Street
New Orleans, LA 70114
(504) 650-0875

\$-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
Lake Forest Elementary Charter School
New Orleans, Louisiana

We have audited the financial statements of Lake Forest Elementary Charter School (a nonprofit corporation) as of and for the periods ended June 30, 2007 and 2006, and have issued our report thereon dated August 27, 2007. 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 Lake Forest Elementary 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 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 over financial reporting 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 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 in the accompanying schedule of findings and responses, identified as 2007-1 and 2007-2, 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 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 over financial reporting that might be significant deficiencies and, accordingly, 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.

We noted certain matters that we reported to management of Lake Forest Elementary Charter School's in a separate letter dated August 27, 2007.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lake Forest Elementary 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; 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*.

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 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

August 27, 2007

**LAKE FOREST ELEMENTARY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Findings and Responses
June 30, 2007**

2007-1 Timely Cash Reconciliations

Cash reconciliations were not prepared timely during the fiscal year under audit.

An important internal control is the reconciliation of the School's cash accounts. These reconciliations should be performed timely to be effective and should be reviewed by a supervisor unrelated to cash collection procedures. The reconciliations are a process to ensure the funds in the bank agree or can be reconciled back to the financial records (what you have is what you should have).

Management's Response

The previous business manager who has been terminated did not make timely cash reconciliations. All cash deposits are now made within 24-48 hours.

2007-2 Documentation for Disbursements

During our test of disbursements, we noted several checks that were not supported by invoices or other supporting documentation.

The School should have retained adequate documentation to support expenditures made from school funds. This documentation not only provides accountability, but also ensures all expenditures were properly authorized and recorded in the School's financial records.

Management's Response

The disbursements not supported by invoices were the responsibility of the previous business manager. The present business manager has done an excellent job ensuring all disbursements are supported by invoices and approved check requests. An effective system is presently in place.