

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

Audit of Financial Statements

June 30, 2008

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## Independent Auditor's Report

To the Board of Directors  
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 non-profit organization, as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 Lake Forest Elementary Charter School as of June 30, 2008, 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 our report dated August 20, 2008, on our consideration of Lake Forest Elementary Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of 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 is important for assessing the results of our audit.

The schedules required by Louisiana State Law included as Schedules 1 through 9, are not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the 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 Lake Forest Elementary Charter School taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

August 20, 2008

LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Statement of Financial Position  
 June 30, 2008

|   |                            |
|---|----------------------------|
| <b>Assets</b>                           |                            |
| <b>Current Assets</b>                   |                            |
| Cash and Cash Equivalents               | \$ 1,255,353               |
| Grants Receivable                       | 1,445,493                  |
|   | <u>2,700,846</u>           |
| <b>Total Current Assets</b>             |                            |
| <b>Property and Equipment</b>           |                            |
| Furniture and Equipment                 | 36,574                     |
| Leasehold Improvements                  | 11,025                     |
|   | <u>47,599</u>              |
| <b>Total at Cost</b>                    | 47,599                     |
| Less: Accumulated Depreciation          | <u>(8,730)</u>             |
|   | 38,869                     |
| <b>Net Property and Equipment</b>       | <u>38,869</u>              |
| <b>Total Assets</b>                     | <u><u>\$ 2,739,715</u></u> |
| <b>Liabilities and Net Assets</b>       |                            |
| <b>Current Liabilities</b>              |                            |
| Accounts Payable                        | <u>\$ 278,141</u>          |
| <b>Total Liabilities</b>                | <u>278,141</u>             |
| <b>Net Assets</b>                       |                            |
| Unrestricted                            | <u>2,461,574</u>           |
| <b>Total Net Assets</b>                 | <u>2,461,574</u>           |
| <b>Total Liabilities and Net Assets</b> | <u><u>\$ 2,739,715</u></u> |

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

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

|  |                            |
|--|----------------------------|
| <b>Revenue, Grants and Other Support</b>       |                            |
| State Public School Funding                    | \$ 3,065,299               |
| Federal Grants                                 | 1,662,980                  |
| Other Income                                   | 380,902                    |
| Donations                                      | 161,997                    |
| Other State Funding                            | <u>31,301</u>              |
| <b>Total Revenue, Grants and Other Support</b> | <u>5,302,479</u>           |
| <b>Expenses</b>                                |                            |
| Program Services                               |                            |
| Regular Education Programs                     | 2,226,568                  |
| School Administration                          | 330,523                    |
| Operation and Maintenance                      | 309,663                    |
| Special Programs                               | 248,801                    |
| Special Education Programs                     | 172,987                    |
| Instructional Staff Services                   | 117,786                    |
| Pupil Support Services                         | 74,869                     |
| Other Instructional Programs                   | 40,430                     |
| Depreciation                                   | 6,056                      |
| Management and General                         |                            |
| Business Services                              | 362,863                    |
| General Administration                         | 53,995                     |
| Fundraising                                    | <u>31,271</u>              |
| <b>Total Expenses</b>                          | <u>3,975,812</u>           |
| <b>Change in Net Assets</b>                    | 1,326,667                  |
| <b>Net Assets, Beginning of Year</b>           | <u>1,134,907</u>           |
| <b>Net Assets, End of Year</b>                 | <u><u>\$ 2,461,574</u></u> |

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

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

|   |                            |
|---|----------------------------|
| <b>Cash Flows Provided by Operating Activities</b>  |                            |
| Change in Net Assets  | \$ 1,326,667               |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Provided by Operating Activities |                            |
| Depreciation  | 6,056                      |
| Increase in Grants Receivable   | (1,229,953)                |
| Increase (Decrease) in:   |                            |
| Accounts Payable  | 272,015                    |
| Accrued Retirement Liabilities  | (5,935)                    |
| Deferred Revenue  | <u>(56,250)</u>            |
| <b>Net Cash Provided by Operating Activities</b>  | <u>312,600</u>             |
| <b>Cash Flows Used in Investing Activities</b>  |                            |
| Purchase of Property and Equipment  | <u>(10,625)</u>            |
| <b>Net Cash Used in Investing Activities</b>  | <u>(10,625)</u>            |
| <b>Net Increase in Cash and Cash Equivalents</b>  | 301,975                    |
| <b>Cash and Cash Equivalents, Beginning of Year</b>   | <u>953,378</u>             |
| <b>Cash and Cash Equivalents, End of Year</b>   | <u><u>\$ 1,255,353</u></u> |

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



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

**Notes to Financial Statements**

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**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 Louisiana Revised Statute 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. 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. All significant receivables, payables, and other liabilities are reflected.

**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 1<sup>st</sup>, 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**

**Notes to Financial Statements**

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**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 \$6,056 for the year ended June 30, 2008. The following are the estimated useful lives of the assets of the School:

|                         |             |
|-------------------------|-------------|
| 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 58% of its revenues from the Orleans Parish School Board for the year ended June 30, 2008, subject to its charter school contract, and 31% of its funding from Federal sources passed through the School Board for the year ended June 30, 2008.

Financial instruments that potentially subject the School to concentrations of credit risk consist of cash in excess of federally insured limits of \$1,376,553.

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

**Notes to Financial Statements**

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**Note 2. Cash and Cash Equivalents**

As of June 30, 2008, the carrying value of cash consisted of demand deposits in a local bank of \$1,255,353.

**Note 3. Grants Receivable**

As of June 30, 2008, grants receivable consist of amounts due from the following sources:

|                                       |                            |
|---------------------------------------|----------------------------|
| Federal Title I, II, IV, and V Grants | \$ 1,021,972               |
| Federal Charter School Grants         | 194,000                    |
| Federal Hurricane Relief Grants       | 174,800                    |
| Other                                 | <u>54,721</u>              |
| <b>Total</b>                          | <b><u>\$ 1,445,493</u></b> |

**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 (TRSL)**

**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 16.6% of annual eligible covered payroll for the year ended June 30, 2008. 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 contribution to the plan for the years ended June 30, 2008, 2007 and 2006, were \$305,261, \$176,787 and \$10,656, respectively, which is equal to the required contribution.

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

**Notes to Financial Statements**

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**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 18.1% of annual covered salary for the year ended June 30, 2008. 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 years ended June 30, 2008 and 2007, were \$12,033 and \$4,292, respectively, which is equal to the required contribution.

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



## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
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:

None

### Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers" (Schedule 4) to the combined total number of full time classroom teachers per this schedule and to School supporting payroll records as of October 1<sup>st</sup>.
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 1<sup>st</sup> 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 1<sup>st</sup> 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 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 1<sup>st</sup> roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

Findings:

None

Graduation Exit Exam (Schedule 8)

11. Not applicable.

iLEAP Test Results (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by 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 20, 2008

**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, 2008**

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**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, Assistant 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)**

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

**Schedule 8 - Graduation Exit Exam**

Not applicable.

**Schedule 9 - iLEAP Test Results**

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 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, 2008

|  |                            |
|--|----------------------------|
| <b>General Fund Instructional and Equipment Expenditures</b> |                            |
| <b>General Fund Instructional Expenditures</b>               |                            |
| Teacher and Student Interaction Activities                   |                            |
| Classroom Teacher Salaries                                   | \$ 1,226,295               |
| Other Instructional Salaries                                 | 225,026                    |
| Employee Benefits  | 425,839                    |
| Instructional Materials and Supplies                         | <u>712,979</u>             |
| <b>Total Teacher and Student Interaction Activities</b>      | <b>\$ 2,590,139</b>        |
| Other Instructional Activities                               | 40,430                     |
| Pupil Support Activities                                     | 74,869                     |
| Less: Equipment for Pupil Support Activities                 | <u>-</u>                   |
| Net Pupil Support Activities                                 | 74,869                     |
| Instructional Staff Services                                 | 117,786                    |
| Less: Equipment for Instructional Staff Services             | <u>-</u>                   |
| Net Instructional Staff Services                             | <u>117,786</u>             |
| <b>Total General Fund Instructional Expenditures</b>         | <b><u>\$ 2,823,224</u></b> |
| <b>Total General Fund Equipment Expenditures</b>             | <b><u>\$ 10,625</u></b>    |
| <b>Certain Local Revenue Sources</b>                         |                            |
| <b>Local Taxation Revenue</b>                                |                            |
| Constitutional Ad Valorem Taxes                              | \$ -                       |
| Renewable Ad Valorem Tax                                     | -                          |
| Debt Service Ad Valorem Tax                                  | -                          |
| Up to 1% of Collections by the Sheriff on Taxes              | -                          |
| Other than School Taxes                                      | -                          |
| Sales and Use Taxes  | <u>-</u>                   |
| <b>Total Local Taxation Revenue</b>                          | <b><u>\$ -</u></b>         |
| <b>Local Earnings on Investment in Real Property</b>         |                            |
| Earnings from 16th Section Property                          | \$ -                       |
| Earnings from Other Real Property                            | <u>-</u>                   |
| <b>Total Local Earnings on Investment in Real Property</b>   | <b><u>\$ -</u></b>         |
| <b>State Revenue in Lieu of Taxes</b>                        |                            |
| Revenue Sharing - Constitutional Tax                         | \$ -                       |
| Revenue Sharing - Other Taxes                                | -                          |
| Revenue Sharing - Excess Portion                             | -                          |
| Other Revenue in Lieu of Taxes                               | <u>-</u>                   |
| <b>Total State Revenue in Lieu of Taxes</b>                  | <b><u>\$ -</u></b>         |
| Nonpublic Textbook Revenue                                   | <u>\$ -</u>                |
| Nonpublic Transportation Revenue                             | <u>\$ -</u>                |

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

| Category                      | Full Time Classroom Teachers |         |                |         | Principals & Assistant Principals |         |                |         |
|-------------------------------|------------------------------|---------|----------------|---------|-----------------------------------|---------|----------------|---------|
|                               | Certificated                 |         | Uncertificated |         | Certificated                      |         | Uncertificated |         |
|                               | Number                       | Percent | Number         | Percent | Number                            | Percent | Number         | Percent |
| Less than a Bachelor's Degree |                              |         |                |         |                                   |         |                |         |
| Bachelor's Degree             | 18                           | 83%     |                |         |                                   |         |                |         |
| Master's Degree               | 7                            | 17%     |                |         | 1                                 | 50%     |                |         |
| Master's Degree + 30          |                              |         |                |         | 1                                 | 50%     |                |         |
| Specialist in Education       |                              |         |                |         |                                   |         |                |         |
| Ph. D. or Ed. D.              |                              |         |                |         |                                   |         |                |         |
| <b>Total</b>                  | 25                           | 100%    | 0              | 0%      | 2                                 | 100%    | 0              | 0%      |

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

| <b>Type</b>     | <b>Number</b> |
|-----------------|---------------|
| Elementary      | 1             |
| Middle/Jr. High | 0             |
| Secondary       | 0             |
| Combination     | 0             |
| <b>Total</b>    | <b>1</b>      |

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

|                      | 0 -1 Yr. | 2 -3 Yrs. | 4 -10 Yrs. | 11 -14 Yrs. | 15 -19 Yrs. | 20 - 24 Yrs. | 25+ Yrs. | <b>Total</b> |
|----------------------|----------|-----------|------------|-------------|-------------|--------------|----------|--------------|
| Assistant Principals |          |           |            |             |             |              | 1        | <b>1</b>     |
| Principals           |          |           |            |             |             |              | 1        | <b>1</b>     |
| Classroom Teachers   | 2        | 0         | 7          | 2           | 4           | 5            | 5        | <b>25</b>    |
| <b>Total</b>         | <b>2</b> | <b>0</b>  | <b>7</b>   | <b>2</b>    | <b>4</b>    | <b>5</b>     | <b>7</b> | <b>27</b>    |

LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Public School Staff Data  
 For the Year Ended June 30, 2008

|   | All Classroom<br>Teachers | Classroom Teachers<br>Excluding ROTC<br>and Rehired Retirees |
|---|---------------------------|--|
| <b>Average Classroom Teachers<br/>Salary Including Extra<br/>Compensation</b>                         | \$46,210                  | \$46,210   |
| <b>Average Classroom Teachers<br/>Salary Excluding Extra<br/>Compensation</b>                         | \$44,911                  | \$44,911   |
| <b>Number of Teacher Full Time<br/>Equivalents (FTEs) used in<br/>Computation of Average Salaries</b> | 33                        | 33   |

LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Class Size Characteristics  
 As of October 1, 2007

| School Type | Class Size Range |        |         |        |         |        |         |        |
|-------------|------------------|--------|---------|--------|---------|--------|---------|--------|
|             | 1 - 20           |        | 21 - 26 |        | 27 - 33 |        | 34+     |        |
|             | Percent          | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary  | 65%              | 15     | 35%     | 8      | 0%      | 0      | 0%      | 0      |



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

| District Achievement Level Results | English Language Arts |      |      |      |      |   | Mathematics |      |      |      |      |   | Science |      |      |      |      |   | Social Studies |      |      |      |      |   |
|------------------------------------|-----------------------|------|------|------|------|---|-------------|------|------|------|------|---|---------|------|------|------|------|---|----------------|------|------|------|------|---|
|                                    | 2008                  |      | 2007 |      | 2006 |   | 2008        |      | 2007 |      | 2006 |   | 2008    |      | 2007 |      | 2006 |   | 2008           |      | 2007 |      | 2006 |   |
| Students                           | Nbr.                  | %    | Nbr. | %    | Nbr. | % | Nbr.        | %    | Nbr. | %    | Nbr. | % | Nbr.    | %    | Nbr. | %    | Nbr. | % | Nbr.           | %    | Nbr. | %    | Nbr. | % |
| <b>Grade 4</b>                     |                       |      |      |      |      |   |             |      |      |      |      |   |         |      |      |      |      |   |                |      |      |      |      |   |
| Advanced                           | 9                     | 18%  | 5    | 13%  | N/A  |   | 5           | 10%  | 0    | 0%   | N/A  |   | 5       | 10%  | 0    | 0%   | N/A  |   | 2              | 4%   | 0    | 0%   | N/A  |   |
| Mastery                            | 25                    | 49%  | 14   | 37%  | N/A  |   | 25          | 49%  | 10   | 26%  | N/A  |   | 18      | 35%  | 4    | 11%  | N/A  |   | 18             | 35%  | 6    | 16%  | N/A  |   |
| Basic                              | 16                    | 31%  | 18   | 47%  | N/A  |   | 20          | 39%  | 25   | 66%  | N/A  |   | 27      | 53%  | 26   | 68%  | N/A  |   | 30             | 59%  | 29   | 76%  | N/A  |   |
| Approaching Basic                  | 1                     | 2%   | 1    | 3%   | N/A  |   | 1           | 2%   | 3    | 8%   | N/A  |   | 1       | 2%   | 8    | 21%  | N/A  |   | 1              | 2%   | 3    | 8%   | N/A  |   |
| Unsatisfactory                     | 0                     | 0%   | 0    | 0%   | N/A  |   | 0           | 0%   | 0    | 0%   | N/A  |   | 0       | 0%   | 0    | 0%   | N/A  |   | 0              | 0%   | 0    | 0%   | N/A  |   |
| Total                              | 51                    | 100% | 38   | 100% | N/A  |   | 51          | 100% | 38   | 100% | N/A  |   | 51      | 100% | 38   | 100% | N/A  |   | 51             | 100% | 38   | 100% | N/A  |   |

| District Achievement Level Results | English Language Arts |      |      |   |      |   | Mathematics |      |      |   |      |   | Science |      |      |   |      |   | Social Studies |      |      |   |      |   |
|------------------------------------|-----------------------|------|------|---|------|---|-------------|------|------|---|------|---|---------|------|------|---|------|---|----------------|------|------|---|------|---|
|                                    | 2008                  |      | 2007 |   | 2006 |   | 2008        |      | 2007 |   | 2006 |   | 2008    |      | 2007 |   | 2006 |   | 2008           |      | 2007 |   | 2006 |   |
| Students                           | Nbr.                  | %    | Nbr. | % | Nbr. | % | Nbr.        | %    | Nbr. | % | Nbr. | % | Nbr.    | %    | Nbr. | % | Nbr. | % | Nbr.           | %    | Nbr. | % | Nbr. | % |
| <b>Grade 8</b>                     |                       |      |      |   |      |   |             |      |      |   |      |   |         |      |      |   |      |   |                |      |      |   |      |   |
| Advanced                           | 0                     | 0%   | N/A  |   | N/A  |   | 0           | 0%   | N/A  |   | N/A  |   | 0       | 0%   | N/A  |   | N/A  |   | 0              | 0%   | N/A  |   | N/A  |   |
| Mastery                            | 7                     | 28%  | N/A  |   | N/A  |   | 3           | 12%  | N/A  |   | N/A  |   | 5       | 20%  | N/A  |   | N/A  |   | 3              | 12%  | N/A  |   | N/A  |   |
| Basic                              | 15                    | 60%  | N/A  |   | N/A  |   | 20          | 80%  | N/A  |   | N/A  |   | 13      | 52%  | N/A  |   | N/A  |   | 16             | 64%  | N/A  |   | N/A  |   |
| Approaching Basic                  | 3                     | 12%  | N/A  |   | N/A  |   | 2           | 8%   | N/A  |   | N/A  |   | 7       | 28%  | N/A  |   | N/A  |   | 6              | 24%  | N/A  |   | N/A  |   |
| Unsatisfactory                     | 0                     | 0%   | N/A  |   | N/A  |   | 0           | 0%   | N/A  |   | N/A  |   | 0       | 0%   | N/A  |   | N/A  |   | 0              | 0%   | N/A  |   | N/A  |   |
| Total                              | 25                    | 100% | N/A  |   | N/A  |   | 25          | 100% | N/A  |   | N/A  |   | 25      | 100% | N/A  |   | N/A  |   | 25             | 100% | N/A  |   | N/A  |   |

Note: Due to Hurricane Katrina, no tests were given during the year ended June 30, 2006. Also, Lake Forest did not have an 8th grade for the year ended June 30, 2007. Therefore, 8th grade scores are not reported for the year ended June 30, 2007.

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

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Lake Forest Elementary Charter School is an elementary school; therefore, this schedule does not apply.

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

| District Achievement<br>Level Results | English Language Arts |             |           |             |      |   | Mathematics |             |           |             |      |   | Science   |             |           |             |      |   | Social Studies |             |           |             |      |   |
|---------------------------------------|-----------------------|-------------|-----------|-------------|------|---|-------------|-------------|-----------|-------------|------|---|-----------|-------------|-----------|-------------|------|---|----------------|-------------|-----------|-------------|------|---|
|                                       | 2008                  |             | 2007      |             | 2006 |   | 2008        |             | 2007      |             | 2006 |   | 2008      |             | 2007      |             | 2006 |   | 2008           |             | 2007      |             | 2006 |   |
|                                       | Nbr.                  | %           | Nbr.      | %           | Nbr. | % | Nbr.        | %           | Nbr.      | %           | Nbr. | % | Nbr.      | %           | Nbr.      | %           | Nbr. | % | Nbr.           | %           | Nbr.      | %           | Nbr. | % |
| <b>Grade 3</b>                        |                       |             |           |             |      |   |             |             |           |             |      |   |           |             |           |             |      |   |                |             |           |             |      |   |
| Advanced                              | 3                     | 4%          | 3         | 6%          | N/A  |   | 6           | 8%          | 8         | 17%         | N/A  |   | 1         | 1%          | 3         | 6%          | N/A  |   | 1              | 1%          | 1         | 2%          | N/A  |   |
| Mastery                               | 20                    | 28%         | 15        | 32%         | N/A  |   | 23          | 33%         | 14        | 30%         | N/A  |   | 12        | 17%         | 14        | 30%         | N/A  |   | 21             | 29%         | 5         | 11%         | N/A  |   |
| Basic                                 | 44                    | 61%         | 25        | 53%         | N/A  |   | 36          | 50%         | 23        | 49%         | N/A  |   | 44        | 61%         | 25        | 53%         | N/A  |   | 45             | 63%         | 34        | 72%         | N/A  |   |
| Approaching Basic                     | 5                     | 7%          | 4         | 9%          | N/A  |   | 6           | 8%          | 2         | 4%          | N/A  |   | 15        | 21%         | 5         | 11%         | N/A  |   | 5              | 7%          | 7         | 15%         | N/A  |   |
| Unsatisfactory                        | 0                     | 0%          | 0         | 0%          | N/A  |   | 1           | 1%          | 0         | 0%          | N/A  |   | 0         | 0%          | 0         | 0%          | N/A  |   | 0              | 0%          | 0         | 0%          | N/A  |   |
| <b>Total</b>                          | <b>72</b>             | <b>100%</b> | <b>47</b> | <b>100%</b> | N/A  |   | <b>72</b>   | <b>100%</b> | <b>47</b> | <b>100%</b> | N/A  |   | <b>72</b> | <b>100%</b> | <b>47</b> | <b>100%</b> | N/A  |   | <b>72</b>      | <b>100%</b> | <b>47</b> | <b>100%</b> | N/A  |   |

| District Achievement<br>Level Results | English Language Arts |             |           |             |      |   | Mathematics |             |           |             |      |   | Science   |             |           |             |      |   | Social Studies |             |           |             |      |   |
|---------------------------------------|-----------------------|-------------|-----------|-------------|------|---|-------------|-------------|-----------|-------------|------|---|-----------|-------------|-----------|-------------|------|---|----------------|-------------|-----------|-------------|------|---|
|                                       | 2008                  |             | 2007      |             | 2006 |   | 2008        |             | 2007      |             | 2006 |   | 2008      |             | 2007      |             | 2006 |   | 2008           |             | 2007      |             | 2006 |   |
|                                       | Nbr.                  | %           | Nbr.      | %           | Nbr. | % | Nbr.        | %           | Nbr.      | %           | Nbr. | % | Nbr.      | %           | Nbr.      | %           | Nbr. | % | Nbr.           | %           | Nbr.      | %           | Nbr. | % |
| <b>Grade 5</b>                        |                       |             |           |             |      |   |             |             |           |             |      |   |           |             |           |             |      |   |                |             |           |             |      |   |
| Advanced                              | 0                     | 0%          | 0         | 0%          | N/A  |   | 5           | 11%         | 5         | 14%         | N/A  |   | 2         | 5%          | 2         | 5%          | N/A  |   | 0              | 0%          | 1         | 3%          | N/A  |   |
| Mastery                               | 18                    | 41%         | 11        | 30%         | N/A  |   | 8           | 18%         | 6         | 16%         | N/A  |   | 7         | 16%         | 9         | 24%         | N/A  |   | 14             | 32%         | 6         | 16%         | N/A  |   |
| Basic                                 | 23                    | 52%         | 20        | 53%         | N/A  |   | 30          | 69%         | 21        | 56%         | N/A  |   | 27        | 61%         | 22        | 60%         | N/A  |   | 25             | 57%         | 28        | 76%         | N/A  |   |
| Approaching Basic                     | 3                     | 7%          | 5         | 14%         | N/A  |   | 1           | 2%          | 4         | 11%         | N/A  |   | 8         | 18%         | 4         | 11%         | N/A  |   | 4              | 9%          | 2         | 5%          | N/A  |   |
| Unsatisfactory                        | 0                     | 0%          | 1         | 3%          | N/A  |   | 0           | 0%          | 1         | 3%          | N/A  |   | 0         | 0%          | 0         | 0%          | N/A  |   | 1              | 2%          | 0         | 0%          | N/A  |   |
| <b>Total</b>                          | <b>44</b>             | <b>100%</b> | <b>37</b> | <b>100%</b> | N/A  |   | <b>44</b>   | <b>100%</b> | <b>37</b> | <b>100%</b> | N/A  |   | <b>44</b> | <b>100%</b> | <b>37</b> | <b>100%</b> | N/A  |   | <b>44</b>      | <b>100%</b> | <b>37</b> | <b>100%</b> | N/A  |   |

| District Achievement<br>Level Results | English Language Arts |             |           |             |      |   | Mathematics |             |           |             |      |   | Science   |             |           |             |      |   | Social Studies |             |           |             |      |   |
|---------------------------------------|-----------------------|-------------|-----------|-------------|------|---|-------------|-------------|-----------|-------------|------|---|-----------|-------------|-----------|-------------|------|---|----------------|-------------|-----------|-------------|------|---|
|                                       | 2008                  |             | 2007      |             | 2006 |   | 2008        |             | 2007      |             | 2006 |   | 2008      |             | 2007      |             | 2006 |   | 2008           |             | 2007      |             | 2006 |   |
|                                       | Nbr.                  | %           | Nbr.      | %           | Nbr. | % | Nbr.        | %           | Nbr.      | %           | Nbr. | % | Nbr.      | %           | Nbr.      | %           | Nbr. | % | Nbr.           | %           | Nbr.      | %           | Nbr. | % |
| <b>Grade 6</b>                        |                       |             |           |             |      |   |             |             |           |             |      |   |           |             |           |             |      |   |                |             |           |             |      |   |
| Advanced                              | 1                     | 2%          | 4         | 9%          | N/A  |   | 6           | 15%         | 6         | 14%         | N/A  |   | 0         | 0%          | 1         | 2%          | N/A  |   | 0              | 0%          | 1         | 2%          | N/A  |   |
| Mastery                               | 11                    | 27%         | 17        | 39%         | N/A  |   | 6           | 15%         | 13        | 30%         | N/A  |   | 8         | 20%         | 7         | 16%         | N/A  |   | 9              | 22%         | 9         | 20%         | N/A  |   |
| Basic                                 | 28                    | 69%         | 21        | 48%         | N/A  |   | 26          | 63%         | 23        | 52%         | N/A  |   | 29        | 70%         | 29        | 66%         | N/A  |   | 24             | 58%         | 26        | 59%         | N/A  |   |
| Approaching Basic                     | 1                     | 2%          | 1         | 2%          | N/A  |   | 1           | 2%          | 1         | 2%          | N/A  |   | 4         | 10%         | 4         | 9%          | N/A  |   | 8              | 20%         | 6         | 14%         | N/A  |   |
| Unsatisfactory                        | 0                     | 0%          | 1         | 2%          | N/A  |   | 2           | 5%          | 1         | 2%          | N/A  |   | 0         | 0%          | 3         | 7%          | N/A  |   | 0              | 0%          | 2         | 5%          | N/A  |   |
| <b>Total</b>                          | <b>41</b>             | <b>100%</b> | <b>44</b> | <b>100%</b> | N/A  |   | <b>41</b>   | <b>100%</b> | <b>44</b> | <b>100%</b> | N/A  |   | <b>41</b> | <b>100%</b> | <b>44</b> | <b>100%</b> | N/A  |   | <b>41</b>      | <b>100%</b> | <b>44</b> | <b>100%</b> | N/A  |   |

| District Achievement<br>Level Results | English Language Arts |             |           |             |      |   | Mathematics |             |           |             |      |   | Science   |             |           |             |      |   | Social Studies |             |           |             |      |   |
|---------------------------------------|-----------------------|-------------|-----------|-------------|------|---|-------------|-------------|-----------|-------------|------|---|-----------|-------------|-----------|-------------|------|---|----------------|-------------|-----------|-------------|------|---|
|                                       | 2008                  |             | 2007      |             | 2006 |   | 2008        |             | 2007      |             | 2006 |   | 2008      |             | 2007      |             | 2006 |   | 2008           |             | 2007      |             | 2006 |   |
|                                       | Nbr.                  | %           | Nbr.      | %           | Nbr. | % | Nbr.        | %           | Nbr.      | %           | Nbr. | % | Nbr.      | %           | Nbr.      | %           | Nbr. | % | Nbr.           | %           | Nbr.      | %           | Nbr. | % |
| <b>Grade 7</b>                        |                       |             |           |             |      |   |             |             |           |             |      |   |           |             |           |             |      |   |                |             |           |             |      |   |
| Advanced                              | 8                     | 18%         | 0         | 0%          | N/A  |   | 4           | 9%          | 1         | 4%          | N/A  |   | 2         | 5%          | 0         | 0%          | N/A  |   | 2              | 5%          | 1         | 4%          | N/A  |   |
| Mastery                               | 14                    | 33%         | 7         | 28%         | N/A  |   | 6           | 14%         | 3         | 12%         | N/A  |   | 9         | 21%         | 5         | 20%         | N/A  |   | 16             | 37%         | 1         | 4%          | N/A  |   |
| Basic                                 | 18                    | 42%         | 14        | 56%         | N/A  |   | 30          | 70%         | 18        | 72%         | N/A  |   | 28        | 65%         | 12        | 48%         | N/A  |   | 24             | 56%         | 14        | 56%         | N/A  |   |
| Approaching Basic                     | 2                     | 5%          | 4         | 16%         | N/A  |   | 3           | 7%          | 1         | 4%          | N/A  |   | 4         | 9%          | 8         | 32%         | N/A  |   | 1              | 2%          | 8         | 32%         | N/A  |   |
| Unsatisfactory                        | 1                     | 2%          | 0         | 0%          | N/A  |   | 0           | 0%          | 2         | 8%          | N/A  |   | 0         | 0%          | 0         | 0%          | N/A  |   | 0              | 0%          | 1         | 4%          | N/A  |   |
| <b>Total</b>                          | <b>43</b>             | <b>100%</b> | <b>25</b> | <b>100%</b> | N/A  |   | <b>43</b>   | <b>100%</b> | <b>25</b> | <b>100%</b> | N/A  |   | <b>43</b> | <b>100%</b> | <b>25</b> | <b>100%</b> | N/A  |   | <b>43</b>      | <b>100%</b> | <b>25</b> | <b>100%</b> | N/A  |   |

Note: Due to Hurricane Katrina, no tests were given during the year ended June 30, 2006.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Board of Directors  
For the Year Ended June 30, 2008**

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**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) 324-7092

\$-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  
5820 Eastover Drive South  
New Orleans, LA 70128  
(504) 259-7956

\$-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 (the School), a non-profit corporation, as of and for the year ended June 30, 2008, and have issued our report thereon dated August 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered 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.

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.

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 or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, during our audit, we became aware of a matter that may result in an opportunity to strengthen internal controls and operating efficiency. This matter was reported to management in a separate letter dated August 20, 2008.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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, the Orleans Parish School Board, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

August 20, 2008



## MANAGEMENT LETTER

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

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

However, during our audit, we became aware of a matter that may result in an opportunity to strengthen internal controls and operating efficiency. This letter does not affect our report dated August 20, 2008, on the financial statements of the School.

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

### *2008 - 01 - Unreconciled Differences in Bank Reconciliation*

Monthly bank account reconciliations are the primary internal control procedure relating to the School's cash accounts. During the fiscal year ended June 30, 2008, bank account reconciliations were prepared; however, some accounts had some unreconciled differences.

As of June 30, 2008, there were unreconciled differences in the general checking account and the Student Activity checking account. Although the amounts may not be material to the overall financial position of the School, it may obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation if the items were apparent. Unreconciled amounts should be investigated and not be allowed to carry over from month to month.

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

A Professional Accounting Corporation

August 20, 2008



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

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

**Compliance**

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

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

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

**Internal Control Over Compliance**

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



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

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

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

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

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

  
A Professional Accounting Corporation

August 20, 2008

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

| <b>Federal Grantor/Pass-Through Grantor<br/>Program Title</b>                             | <b>CFDA<br/>Number</b> | <b>Expenditures</b>      |
|---|------------------------|--------------------------|
| United States Department of Education<br>(Passed through the Orleans Parish School Board) |                        |                          |
| Title I Grants to Local Educational Agencies (Major Program)                              | 84.010                 | \$ 479,002               |
| Title II Improving Teacher Quality State Grants   | 84.367                 | 8,899                    |
| Title IV Twenty First Century Community Learning Centers                                  | 84.287                 | 834                      |
| Hurricane Educational Recovery Act Programs   | 84.938                 | <u>174,800</u>           |
| <b>Total</b>  |                        | <u><u>\$ 663,535</u></u> |

**Notes to the Schedule of Expenditures of Federal Awards**

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

Note 2 - The School recorded revenues in the current year of \$999,445 in federal awards that were expended in the fiscal years ended June 30, 2006 and 2007.

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

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**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 deficiency identified not considered to be material weaknesses | None        |
| c) Noncompliance noted  | None        |
| 3) Management letter comment provided   | Yes         |

Federal Awards

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

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Prior Year Findings and Questioned Costs  
June 30, 2008**

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**2007 - 1 Timely Cash Reconciliations**

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

*Status:* This condition has been resolved.

**2007 - 2 Documentation for Disbursements**

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

*Status:* This condition has been resolved.