

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT****JUNE 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/19/11

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

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Justin J. Scanlan, C.F.A., L.L.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE.

NEW ORLEANS, LOUISIANA 70122

TELEPHONE: (504) 288-0050

INDEPENDENT AUDITOR'S REPORT

Board of Directors, Inc.
The Intercultural Charter School Board, Inc.

We have audited the accompanying statement of financial position of The Intercultural Charter School Board, Inc. (a nonprofit corporation) as of June 30, 2010, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to report on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2009 financial statements, and in our report dated December 16, 2009, we expressed a qualified opinion on those financial statements.

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 report.

The accompanying financial statements have been prepared assuming that the Corporation will continue as a going concern. As shown in the financial statements, the Corporation incurred a \$773,524 decrease in net assets during the year ended June 30, 2010. In addition, the Corporation has incurred a decrease in its net assets in the prior year (initial year) of \$240,479. Those factors, among others, as disclosed in Note J, raise substantial doubt about the Corporation's ability to continue as a going concern. Management's plans in this regard also are described in Note J. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Because of the significance of the uncertainty described in the preceding paragraph, we are unable to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2010 on our consideration of The Intercultural Charter School Board, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of The Intercultural Charter School Board, Inc. taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. For the reasons described in our disclaimer of opinion on the basic financial statements, we are also unable to express, and do not express, an opinion on the supplementary information referred to above.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
December 10, 2010

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2010

ASSETS

MEMORANDUM
ONLY
June 30, 2009

Cash	\$ 134,424	\$ 133,165
Grants receivable (Notes A4 and B)	140,140	292,774
Deposits	<u>10,000</u>	<u>10,000</u>
Total assets	<u>\$ 284,564</u>	<u>\$ 435,939</u>

LIABILITIES AND NET ASSETS

Note payable (Note C)	\$ 89,728	\$ -
Accounts payable and accrued liabilities	<u>1,208,847</u>	<u>676,418</u>
Total liabilities	<u>1,298,575</u>	<u>676,418</u>
Commitment (Note D)	-	-
Net assets		
Unrestricted	< 1,014,011 >	< 330,479 >
Temporarily restricted	<u>-</u>	<u>90,000</u>
Total net assets (deficit)	<u>< 1,014,011 ></u>	<u>< 240,479 ></u>
Total liabilities and net assets	<u>\$ 284,564</u>	<u>\$ 435,939</u>

The accompanying notes are an integral part of this financial statement.

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

STATEMENT OF ACTIVITIES

For the year ended June 30, 2010

TOTAL
MEMORANDUM ONLY
For the period August 27, 2007
(date of inception)
through June 30, 2009

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	
REVENUES				
Fees (Note E)	\$ -	\$ 2,129,023	\$ 2,129,023	\$ 1,622,502
Grant appropriations				
Governmental	-	365,959	365,959	413,384
Other	-	10,000	10,000	274,888
Contributions	6,175	-	6,175	-
Fundraising, less direct expenses of \$41,419	11,527	-	11,527	-
Other	11,669	-	11,669	9,424
Net assets released from restrictions	<u>2,594,982</u>	<u><2,594,982></u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,624,353</u>	<u><90,000></u>	<u>2,534,353</u>	<u>2,320,198</u>
EXPENSES				
Program services				
The Intercultural Charter School (Note F)	3,167,222	-	3,167,222	2,547,653
Supportive services				
Management and general	<u>140,663</u>	<u>-</u>	<u>140,663</u>	<u>13,024</u>
Total expenses	<u>3,307,885</u>	<u>-</u>	<u>3,307,885</u>	<u>2,560,677</u>
Increase <decrease> in net assets	<u><683,532></u>	<u><90,000></u>	<u><773,532></u>	<u><240,479></u>
Net assets, beginning of year	<u><330,479></u>	<u>90,000</u>	<u><240,479></u>	<u>-</u>
Net assets, end of year	<u>\$ <1,014,011></u>	<u>\$ -</u>	<u>\$ <1,014,011></u>	<u>\$ <240,479></u>

The accompanying notes are an integral part of this financial statement.

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2010

Increase <decrease> in cash and cash equivalents		
Cash flows from operating activities:		
Decrease in net assets		\$ < 773,532>
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Changes in assets and liabilities:		
Decrease in grants receivable	\$ 152,634	
Increase in accounts payable and accrued liabilities	<u>532,429</u>	<u>685,063</u>
Net cash used in operating activities		<u>< 88,469></u>
Cash flows from financing activities		
Proceeds from note payable		129,728
Payments on note payable		<u>< 40,000></u>
Net cash provided by financing activities		<u>89,728</u>
Net increase in cash and cash equivalents		1,259
Cash and cash equivalents, beginning of year		<u>133,165</u>
Cash and cash equivalents, end of year		<u>\$ 134,424</u>

The accompanying notes are an integral part of this financial statement.

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

The Intercultural Charter School Board, Inc. (the "Corporation") is a non-profit corporation established exclusively for charitable, educational and scientific purposes. The Corporation's purpose is to create an excellent school for our community, one of academic rigor, great pride in the diverse cultures that make up home populations, and a passion for learning throughout life and for becoming creative, responsible, caring citizens.

During April, 2008, the Corporation was granted a charter by the Louisiana Board of Elementary and Secondary Education to operate a type 5 charter school. The charter school is known as The Intercultural Charter School.

The Corporation through the operation of the charter school is designed to accomplish the following obligations:

1. Improve pupil learning and, in general, the public school system.
2. Increase learning opportunities and access to quality education for pupils.
3. Encourage the use of different and innovative teaching methods and a variety of governance, management and administrative structures.
4. Require appropriate assessment and measurement of academic learning results.
5. Account better and more thoroughly for educational results.
6. Create new professional opportunities for teachers and other school employees, including the opportunity to be responsible for learning programs at the school site.

The school has an open enrollment policy. During the 2009/2010 school year, the school served kindergarten through sixth grade, with an approximate enrollment of 296 students.

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. **Presentation of Financial Statements**

The corporation's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets and (c) permanently restricted net assets. There were no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

3. **Revenue Recognition**

For financial reporting, the corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

4. **Receivables**

The corporation considers grants receivable to be fully collectible since the balance consists principally of payments due under government contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

Fees receivable are carried at cost, less an allowance for doubtful accounts, based on management's evaluation of outstanding fees receivable.

5. **Property and equipment**

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. Leasehold improvements are amortized over the life of the lease. There was no depreciation or amortization expense for the year ended June 30, 2010.

It is the policy of the corporation to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Cash equivalents

For the purpose of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

7. Functional allocation of expenses

The expenses of providing the program and other activities have been summarized on a functional basis in the Statement of Activities. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

8. Estimates

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

9. Fair Values of Financial Investments

Cash, cash equivalents, and temporary investments carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

10. Subsequent Events

The subsequent events of the organization were evaluated through the date the financial statements were available to be issued (December 10, 2010).

11. Memorandum Only – Total Columns

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B – GRANTS RECEIVABLE

The grants receivable at June 30, 2010 consist of the following:

State of Louisiana – Department of Education	<u>\$ 140,140</u>
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THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE C – NOTE PAYABLE

The note payable at June 30, 2010 consists of the following:

Note payable due to an individual by December 31, 2011, without interest.	<u>\$ 89,728</u>
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The future minimum payments are as follows:

Year ended <u>June 30,</u>	
2010	\$ -
2011	<u>89,728</u>
	<u>\$ 89,728</u>

NOTE D – COMMITMENT

The Corporation leased its administrative and school facility under an operating lease expiring August, 2009. Subsequently, the facility was leased on a month-to-month basis until January, 2010, at which time it relocated to a site controlled by the Recovery School District (RSD). The lease with the RSD will terminate on June 30, 2011, but may be extended for two additional years. The RSD has the right to impose a rental charge after June 30, 2010.

The rental expense for the year ended June 30, 2010 totaled \$115,384.

NOTE E – REVENUE – FEES

The Intercultural Charter School, a type 5 charter school, receives funding from Louisiana Board of Elementary and Secondary Education for pupils based on estimated monthly attendance at the school.

NOTE F – THE INTERCULTURAL CHARTER SCHOOL OPERATING EXPENSES

On April 11, 2008, the Corporation entered into a management agreement for five years with Edison Schools, Inc. (Edison). Edison provides educational programs that offer educational excellence and innovation based on Edison's unique school design, comprehensive educational programs, and management principles. Edison provides monthly financial statements to the Corporation that reflect the entire financial operation of the charter school. Edison has the authority to select and supervise the principal. Edison and the principal shall have the authority to select and supervise the teachers and the non-instructional staff. The management fee appropriates 15%-17% of external source funds over the life of the contract.

The total school operating expenses incurred by Edison, including their management fee of \$329,998, totaled \$3,167,222.

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE G – INCOME TAXES

The corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Service.

NOTE H – BOARD OF DIRECTOR'S COMPENSATION

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2010.

NOTE I – FAIR VALUES OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in the FASB ASC 820-10 requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope of FASB ASC 820-10 are included in the table below.

<u>Fair Value Measurement of Reporting Date</u>				
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash and cash equivalents	\$ 134,424	\$ 134,424	\$ -	\$ -
Receivables	140,140	140,140	-	-
Note payable	< 89,728 >	< 89,728 >		
Accounts payable and accrued liabilities	<u>< 1,208,839 ></u>	<u>< 1,208,839 ></u>	<u>-</u>	<u>-</u>
	<u>\$ < 1,024,003 ></u>	<u>\$ < 1,024,003 ></u>	<u>\$ -</u>	<u>\$ -</u>

The assumptions to estimate fair values are as follows:

1. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
2. Receivables, note payable, and accounts payable and accrued liabilities are carried at amounts that approximate fair value due to their short-term nature and generally negligible risk.

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010

NOTE J – DEFICIENCY IN NET ASSETS

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the company as a going concern.

As of June 30, 2010, the Corporation has a deficiency in net assets of \$1,014,011. The Corporation incurred an operating loss of \$773,532 for the 2009/2010 academic school year. The other factor contributing to the going concern includes negative cash flows from operations.

Management expects an increase in enrollment for the 2010/2011 school year. With the addition of seventh grade and the visibility of the school in the local community, enrollment is expected to increase from 295 to 350. Operating costs will be thoroughly reviewed for any potential reductions to assist in decreasing the deficiency in net assets, without affecting the quality of education. In addition, fund-raising activities will be increased for the direct purpose of reducing the organization's deficit.

SUPPLEMENTAL INFORMATION

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.
SCHOOL OPERATING COSTS – EDISON SCHOOLS, INC.

For the year ended June 30, 2010

EXPENSES

Instructional – personnel	\$ 1,292,257
Instructional – non-personnel	157,782
Facilities – personnel	3,612
Facilities – non-personnel	659,022
Technology – personnel	72,760
Technology – non-personnel	221,405
Administrative – personnel	387,912
Administrative – non-personnel	28,576
Other	<u>13,898</u>
	2,837,224
Management fee (Note)	<u>329,998</u>
Total Expenses	<u>\$ 3,167,222</u>

Note

1. Management fee equals 15 1/2% of public funds (\$2,129,023 x 15 1/2%)

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS – BUDGET

COMPARED TO ACTUAL

For the year ended June 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	BUDGET VARIANCE FAVORABLE <UNFAVORABLE>
REVENUE			
Grant appropriations	\$ 620,205	\$ 375,959	\$ < 244,246>
Contributions	-	6,175	6,175
Fees	2,118,917	2,129,023	10,106
Other	-	23,196	23,196
Total revenues	<u>2,739,122</u>	<u>2,534,353</u>	<u>< 204,769></u>
EXPENSES			
School operating expenses	3,011,042	3,167,222	< 156,180>
Board general and administrative expenses	40,000	10,935	29,065
Loss on abandonment of leasehold improvements	-	129,728	< 129,728>
Total expenses	<u>3,051,042</u>	<u>3,307,885</u>	<u>< 256,843></u>
Decrease in net assets	< 311,920>	< 773,532>	< 461,612>
Net assets, beginning of year	< 240,479>	< 240,479>	-
Net assets, end of year	<u>\$ < 552,399></u>	<u>\$ < 1,014,011></u>	<u>\$ < 461,612></u>

Justin J. Scanlan, C.P.A., I.F.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE.

NEW ORLEANS, LOUISIANA 70122

TELEPHONE: (504) 288-0050

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

Board of Directors

The Intercultural Charter School Board, Inc.

We have audited the financial statements of The Intercultural Charter School Board, Inc. (a non-profit corporation) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Intercultural Charter School Board, Inc.'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 Intercultural Charter School Board, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the The Intercultural Charter School Board, Inc.'s internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. The significant deficiencies are described as items 2010-1 and 2010-2. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Intercultural Charter School Board, Inc.'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2010-3 and 2010-4.

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

This report is intended solely for the information and use of management, Board of Directors, others within the organization, Louisiana Legislative auditor, and funding sources of the corporation 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.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
December 10, 2010

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a disclaimer of opinion on the financial statements of The Intercultural Charter School Board, Inc.
2. Two significant deficiencies were described during the audit of the financial statement in the report titled "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". The significant deficiencies were not deemed a material weakness.
3. Two instances of noncompliance material to the financial statements of The Intercultural Charter School Board, Inc. were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

2010-1 - Management contract - Edison

Condition: Edison's management contract states that quarterly financial statements will be issued to the governing board that reflects the complete operations of the school. The revenues and management fee should reflect actual amounts and not estimates. The management fee calculation by Edison does not appear to be in agreement with the formula stated in the contract.

Criteria: The financial statements should reflect complete and accurate financial information. The management fee calculation should be in agreement with the formula stated in the contract with Edison.

Effect: The governing board is unable to fulfill the fiduciary responsibility if it does not receive complete and accurate financial statements. In addition, failure to resolve the management fee calculation could result in an overcharge by Edison.

Recommendation: We recommend the Board of Directors demand complete and accurate financial information from Edison in order to continue its significant involvement in the financial affairs of the Corporation. In addition, the management fee calculation discrepancies should be resolved in a timely manner.

Response: See Corrective Action Plan.

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED

For the year ended June 30, 2010

C. FINDINGS – FINANCIAL STATEMENTS AUDIT - CONTINUED

SIGNIFICANT DEFICIENCIES

2010-2 - Cash account – School

Condition: The school's fund-raising cash account was not recorded on the general ledger.

Criteria: In order to properly safeguard the Corporation's assets, all cash accounts should be recorded on the general ledger.

Effect: The financial statements are not complete and accurate.

Recommendation: All activity of the cash account should be recorded on the general ledger on a monthly basis.

Response: See Corrective Action Plan.

COMPLIANCE AND OTHER MATTERS

2010-3 Instructional Staff

Condition: Six of the twenty teachers were not certified by the Louisiana State Board of Elementary and Secondary Education.

Criteria: At least 75% of the instructional staff must be certified by the Louisiana State Board of Elementary and Secondary Education or the French Ministry of Education.

Effect: The Corporation is not in compliance with the rules and regulations of the Louisiana Department of Education.

Recommendation: The Principal should review the certificates of all teachers prior to hiring in order to satisfy the compliance requirements relative to its instructional staff.

Response: See Corrective Action Plan.

2010-4 Student Admission

Condition: 31 student files out of 296 were examined for proper documentation relative to the school's admission requirements. 20 student files out of 31 reviewed lacked the necessary documents to support residency requirements within Orleans Parish.

Criteria: The charter agreement requires all students to be residents of Orleans Parish.

Effect: The Corporation is not in compliance with its Charter.

THE INTERCULTURAL CHARTER SCHOOL BOARD, INC.
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED

For the year ended June 30, 2010

COMPLIANCE AND OTHER MATTERS - CONTINUED

2010-4 Student Admission - Continued

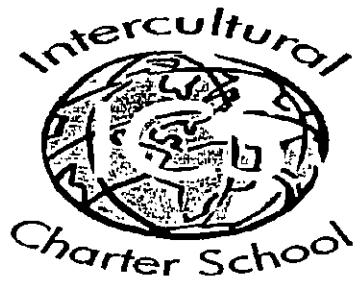
Recommendation: During the registration period, the Corporation should obtain copies of two proof of residency items to comply with the Charter Agreement.

Response: See Corrective Action Plan.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

The prior year audit findings are as follows:

Significant Deficiencies	<u>Resolved</u>	<u>Unresolved</u>	Audit Finding No.
2009-1. Management Contract - Edison		X	2010-1
2009-2. Instructional Staff		X	2010-3
2009-3. Student Admission		X	2010-4



5075 WILLOWBROOK DRIVE
NEW ORLEANS, LA 70129
(504) 662-0220 or (504) 662-0330
Fax (504) 662-0019

CORRECTIVE ACTION PLAN

2010-1. - Management Contract - Edison

We have informed Edison that we need monthly financial statements in a format acceptable to the Board of Directors. A copy of the format was forwarded to Edison. In addition, we are reviewing the formula relative to the determination of Edison's management fee to assure the computation does not include restricted funds.

2010-2. Cash Account - School

A cash receipts and disbursements journal will be maintained to assure the activity is recorded on the general ledger.

2010-3. - Instructional Staff

The personnel files will be reviewed to assure that 75% of the instructional staff are licensed by the Louisiana Department of Education. All present employees will be required to submit the appropriate documentation to the licensing authority if the employee is not licensed, and new employees must be licensed prior to employment. One of the exceptions noted in the audit report did not receive his/her license until September, 2010.

2009-4. - Student Admission

Prior to enrollment, we will insure that all students submit two copies of proof of residency. Failure to submit the appropriate documents will delay the students acceptance into the school.

AGREED UPON PROCEDURES

Justin J. Scanlan, C.H.A., F.T.C.

A LIMITED LIABILITY COMPANY

4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122
TELEPHONE: (504) 288-0050

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED ON PROCEDURES

Board of Directors
The Intercultural Charter School Board, Inc.

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of *The Intercultural Charter School Board, Inc.*, a charter school of The Intercultural Charter School Board, Inc. and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating managements assertions about the performance and statistical data accompanying the annual financial statements of the The Intercultural Charter School Board, Inc. and to determine whether the specific schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedure engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of 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 related 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 reconciled amounts reported in Schedule 1 in the categories listed below to respective general ledger account balances to determine that 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, and
 - Nonpublic Transportation Revenue.

No significant differences noted.

Education Levels of Public School Staff (Schedule 2).

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of the Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per the schedule and to school board supporting payroll records as of October 1st.

No significant differences noted.

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 the schedule.

No significant differences noted.

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 a population of 5 teachers out of 20 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

No significant differences noted.

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.

No significant differences noted.

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 June 30th 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.

No significant differences noted.

Public Staff Data (Schedule 5).

7. We obtained a list of classroom teachers including their base salary, extra compensation, and ROTC and retired status as well as full-time equivalent as reported on the schedule and traced a population of 5 teachers out of 20 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.

No significant differences noted.

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

No significant differences noted.

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 5 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

No significant differences noted.

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 the The Intercultural Charter School Board, Inc.

No significant differences noted.

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

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the tested authority to scores reported in the schedule by the The Intercultural Charter School Board, Inc.

This schedule was not applicable. The grade level of the school is kindergarten through 6th.

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 The Intercultural Charter School Board, Inc.

No significant differences noted.

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 come to our attention that would have been reported to you.

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

New Orleans, Louisiana
December 10, 2010

Justin J. Simban, CPA, LLC

Schedule 1: General Fund Instructional and Support Expenditures and Certain Local Revenue Sources for the Year Ended June 30, 2009-2010

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources For the Year Ended June 30, 2009-2010

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$694,821	
Other Instructional Staff Activities	19,351	
Instructional Staff Employee Benefits	175,940	
Purchased Professional and Technical Services	22,021	
Instructional Materials and Supplies	15,403	
Instructional Equipment	<u>0</u>	
Total Teacher and Student Interaction Activities		\$927,536
Other Instructional Activities		33,725
Pupil Support Services	61,557	
Less: Equipment for Pupil Support Services	<u>0</u>	
Net Pupil Support Services		61,557
Instructional Staff Services	0	
Less: Equipment for Instructional Staff Services	<u>0</u>	
Net Instructional Staff Services		0
School Administration	309,486	
Less: Equipment for School Administration	<u>0</u>	
Net School Administration		309,486
Total General Fund Instructional Expenditures		1,332,304
Total General Fund Equipment Expenditures		1,939
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$0
Renewable Ad Valorem Tax		0
Debt Service Ad Valorem Tax		0
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		0
Sales and Use Taxes		<u>0</u>
Total Local Taxation Revenue		<u>\$0</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$0
Earnings from Other Real Property		<u>0</u>
Total Local Earnings on Investment in Real Property		<u>\$0</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$0
Revenue Sharing - Other Taxes		0
Revenue Sharing - Excess Portion		0
Other Revenue in Lieu of Taxes		<u>0</u>
Total State Revenue in Lieu of Taxes		<u>\$0</u>
Nonpublic Textbook Revenue		<u>\$0</u>
Nonpublic Transportation Revenue		<u>\$0</u>

Schedule 2: Education Levels of Public School Staff

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	9	64	6	100				
Master's Degree	5	36			1	100		
Master's Degree + 30								
Specialist in Education								
Ph. D. or Ed. D.								
Total	14	100	6	100	1	100		

Schedule 3: Number and Type of Public Schools

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

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

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals								
Principals						1		1
Classroom Teachers	4	6	3	3	2	2		20
Total	4	6	3	3	2	2		21

Schedule 5: Public School Staff Data: Average Salaries

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	46,120	46,120
Average Classroom Teachers Salary Excluding Extra Compensation	45,170	45,170
Number of Teacher Full-Time Equivalents (FTEs) used in Computation of Average Salaries	20	20

Schedule 6: Class Size Characteristics

Class Size Characteristics As of October 1, 2009

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary			83	10	17	2		
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

Schedule 7: Louisiana Educational Assessment Program (LEAP)

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced												
Mastery	3	5	1	3			4	10	1	3		
Basic	14	24	10	33			19	46	13	33		
Approaching Basic	13	23	17	50			7	18	13	33		
Unsatisfactory	13	23	13	38			14	33	10	23		
Total	43	100	41	100			44	100	43	100		

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced												
Mastery	3	5										
Basic	13	23					17	43				
Approaching Basic	16	37					13	33				
Unsatisfactory	10	24					11	29				
Total	42	100					41	100				

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

Schedule 8: Graduation Exit Examination (GEE)

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

Schedule 9: Iowa and /LEAP Tests

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced								
Mastery	5	10	11	22	5	10	3	6
Basic	19	38	16	32	16	32	23	46
Approaching Basic	11	22	12	24	19	38	13	26
Unsatisfactory	14	28	11	22	10	20	11	22
Total	50	100	50	100	50	100	50	100

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4								
Advanced								
Mastery	2	7	5	17	2	7		
Basic	13	43	13	43	10	33	16	53
Approaching Basic	4	13	3	10	14	47	7	23
Unsatisfactory	6	20	6	20	4	13	5	17
Total	28	100	28	100	30	100	28	100

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced								
Mastery	2	7	1	4	2	7		
Basic	11	41	10	37	11	41	7	26
Approaching Basic	6	23	7	26	8	30	13	49
Unsatisfactory	8	30	9	33	6	23	8	30
Total	27	100	27	100	27	100	27	100

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced								
Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

District Achievement Level Results	English Language Arts		Mathematics	
	2010		2010	
Students	Number	Percent	Number	Percent
Grade 8				
Advanced				
Mastery				
Basic				
Approaching Basic				
Unsatisfactory				
Total				

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 3								
Advanced								
Mastery	1	2	4	9	2	4	2	4
Basic	11	24	12	25	10	22	17	37
Approaching Basic	16	35	16	35	23	50	18	39
Unsatisfactory	18	39	19	40	11	24	15	33
Total	46	100	46	100	46	100	46	100

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 5								
Advanced			1	4				
Mastery	2	7	3	11	2	8	7	11
Basic	9	33	10	37	9	33	13	48
Approaching Basic	8	30	4	15	7	26	3	11
Unsatisfactory	0	0	0	0	0	0	0	0
Total	27	100	27	100	27	100	27	100

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 6								
Advanced								
Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 7								
Advanced								
Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

District Achievement Level Results	English Language Arts		Mathematics	
	2009		2009	
	Number	Percent	Number	Percent
Students				
Grade 8				
Advanced				
Mastery				
Basic				
Approaching Basic				
Unsatisfactory				
Total				

TANGIPAHOA PARISH SHERIFF
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. COMPENSATED ABSENCES (continued)

An employee will be allowed to carry over 120 hour of annual leave into the next fiscal year. Any annual leave in excess of 120 hours will convert to sick time.

Compensated leave will accrue to the employee bank on a pay period basis.

The Sheriff's leave policy does not provide for the vesting or compensation of leave. Due to this, no liability for accrued leave has been recorded for the fiscal year ended June 30, 2010.

H. FUND EQUITY

In the fund financial statements, governmental funds report reservations for amounts that are not available for appropriation or are legally restricted by outside parties for use of a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

J. INTERFUND ACTIVITY

Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government wide financial statements.

2. AD VALOREM TAXES

The Sheriff is the ex-officio tax collector of the Parish and is responsible for the collection and distribution of ad valorem property taxes. Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in October and billed to the taxpayers in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Tangipahoa Parish and are collected by the Sheriff. The taxes are remitted to the appropriate taxing bodies net of deductions for assessor's and legislative pension fund contributions.

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2010, law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 17.81 mills on property with assessed valuations totaling \$469,016,299.