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NEW BEGINNINGS SCHOOLS FOUNDATION
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2007

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 6/18/08

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Beginnings Schools Foundation

We have audited the accompanying statement of financial position of the **New Beginnings Schools Foundation (the Foundation)** (a not-for-profit corporation) as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of **the Foundation**. 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 **the Foundation** as of June 30, 2007, 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
New Beginnings Schools Foundation
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In accordance with Government Auditing Standards, we have also issued our report dated May 20, 2008 on our consideration of **the Foundation'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 Foundation** taken as a whole. The accompanying schedule of expenditures of federal awards is presented for 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. Also, the accompanying combining schedules are presented for purposes of additional analysis and are not 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.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 20, 2008



NEW BEGINNINGS SCHOOLS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

Cash and cash equivalents	\$1,980,542
Grants receivable (NOTE 7)	1,443,340
Equipment, net (NOTE 2)	<u>78,510</u>
Total assets	<u>\$3,502,392</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	<u>\$2,791,612</u>
Total liabilities	<u>2,791,612</u>
Net assets:	
Unrestricted (NOTE 1)	<u>710,780</u>
Total net assets	<u>710,780</u>
Total liabilities and net assets	<u>\$3,502,392</u>

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

NEW BEGINNINGS SCHOOLS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES

Local Sources:	
Minimum Foundation Program	\$1,753,323
Contributions	174,265
Interest	122,004
Charges for food services	14,080
Other	<u>11,176</u>
Total local sources	<u>2,074,848</u>
State Sources:	
Minimum Foundation Program	2,496,115
Grants	<u>296,756</u>
Total state sources	<u>2,792,871</u>
Federal grants	<u>1,095,976</u>
Total revenues	<u>5,963,695</u>

EXPENSES

Program Services:	
Instructional programs	3,375,616
Support Services:	
Pupil support services	549,760
Instructional staff services	61,624
General administration	287,615
School administration	1,103,361
Business services	258,681
Plant services	418,908
Student transportation services	15,923
Central services	26,880
Food services operations	<u>293,739</u>
Total expenses	<u>6,392,107</u>
Change in net assets	(428,412)
Net assets - July 1, 2006	<u>1,139,192</u>
Net assets - June 30, 2007	<u>\$ 710,780</u>

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

NEW BEGINNINGS SCHOOLS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (428,412)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	19,933
Increase in grants receivable	(56,478)
Increase in accounts payable	<u>582,218</u>
Net cash provided by operating activities	<u>117,261</u>
Increase in cash and cash equivalents	117,261
Cash and cash equivalents, beginning of year	<u>1,863,281</u>
Cash and cash equivalents, end of year	<u>\$1,980,542</u>

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

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies:

General

The **New Beginnings Schools Foundation (the Foundation)** was granted a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2004 to operate a Type 5 public charter school d/b/a Pierre A. Capdau Charter School (Capdau). **The Foundation** was also granted a charter by the Louisiana Board of Elementary and Secondary Education to operate Medard H. Nelson (Nelson) beginning in the 2005-2006 school year. **The Foundation** entered into service agreements with the Charter Operator, the University of New Orleans, to act as the charter operator of the charter schools. The Charter Operator manages all aspects of the charter schools unless provided in the service agreements.

The Foundation seeks to provide educational services according to the educational standards established by law, the charter contract and the charter application/proposal; measures pupil progress toward stated goals; and participates in pupil assessment required by law, regulation and BESE policy.

The Foundation's mission states that the charter schools are a community of learners in which academic achievement and personal growth are expected and are supported in a positive, inclusive, enriched environment.

During the 2007 school year, Capdau served kindergarten through tenth grades with an enrollment of 441 students at June 30, 2007. Nelson served pre-kindergarten through eighth grades with an enrollment of 248 students at June 30, 2007.

Basis of Accounting

The Foundation's financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equipment

Equipment of **the Foundation** with a cost of \$5,000 or more is recorded as assets (capitalized) and is stated at historical costs if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

Grant Revenue

Revenues from governmental grants are recognized when allowable expenditures are made by **the Foundation**. Funds received for specific purposes but not yet expended are recorded as deferred revenue.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:

Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include all highly liquid instruments purchased with original maturities of three (3) months or less.

Income Taxes

The Foundation is exempt from federal income taxes through Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in accompanying financial statements.

Financial Statement Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations", **the Foundation** is required to report information regarding its financial position and activities according to three classes of net assets: **unrestricted net assets**, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - Support, revenues, and expenses for the general operation of **the Foundation**.

Temporarily Restricted Net Assets - Contributions specifically authorized by the donor to be used for a certain purpose or to benefit a specific accounting period.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:

Financial Statement Presentation, Continued

Permanently Restricted Net Assets - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by **the Foundation**. Generally, the donors of these assets permit **the Foundation** to use all or part of the income derived from the investment of these contributions.

At June 30, 2007, **the Foundation** has no temporarily or permanently restricted net assets.

Contributions

In accordance with Statement of Financial Accounting Standards (SFAS) No 116, "Accounting for Contributions Received and Contributions Made", unconditional promises to give (pledges) should be recorded as receivable and revenues and **the Foundation** is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:

Minimum Foundation Program (MFP)

Capdau and Nelson, as Type 5 charter schools, received funding from BESE in an amount for pupils based on estimated daily attendance at the schools. The amount of funding received is adjusted during the school year based on a student count on a designated date and the result of any audits performed.

Other Funding

Other revenues received consist of federal and state grants, fees for meals served, and other revenue sources.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying statement of activities.

NOTE 2 - Equipment:

The following is a summary of equipment at June 30, 2007:

Equipment	\$99,125
Less accumulated depreciation	<u>20,615</u>
Equipment, net	<u>\$78,510</u>

Depreciation charged to operations at June 30, 2007, was \$19,933.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Risk Management:

The Foundation is exposed to various risks of loss related to torts, theft of, damage to and destruction of property for which **the Foundation** carries commercial liability insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 4 - Concentration of Credit Risk:

The Foundation maintains cash balances at a local bank. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$100,000. At June 30, 2007, **the Foundation's** bank deposits were fully covered by Federal deposit insurance.

The Foundation also maintains U.S. Government backed cash equivalents.

NOTE 5 - Contingency:

The Foundation is a recipient of grants from the State and Federal funding agencies. The grants are governed by various State and Federal guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants are under the control and administration of **the Foundation** and are subject to audit and/or review by grantors. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of the State and Federal agencies may be subject to recapture.

NEW BEGINNINGS SCHOOLS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Contractual Services:

Neither the charter schools' principals, assistant principals, teachers nor other personnel are employees of the Foundation. All are employees of the Charter Operator. Consequently, all of the Foundation's personnel are State employees. The Foundation reimburses the Charter Operator for all payroll related costs.

NOTE 7 - Grants Receivable:

Grants receivable at June 30, 2007 consisted of the following grant programs:

	<u>Pierre A. Capdau</u> <u>Charter School</u>	<u>Medard H. Nelson</u> <u>Charter School</u>	<u>Total</u>
Consolidated Programs-DOE	\$1,065,869	\$134,424	\$1,200,293
Post Charter Schools-DOE	196,614	-0-	196,614
School Lunch Program-USDA	18,668	15,406	34,074
Classroom Based Technology-DOE	-0-	4,369	4,369
Other	<u>-0-</u>	<u>7,990</u>	<u>7,990</u>
	<u>\$1,281,151</u>	<u>\$162,189</u>	<u>\$1,443,340</u>

SUPPLEMENTARY INFORMATION

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Education		
Passed through Louisiana State		
Department of Education:		
Title I	84.010	\$ 684,733
Improving Teacher Quality	84.367	113,991
Enhancing Education Through Technology	84.318	<u>4,370</u>
Total U.S. Department of Education		<u>803,094</u>
U.S. Department of Agriculture		
Passed through Louisiana State		
Department of Education:		
School Lunch Program	10.555	<u>292,882</u>
Total U.S. Department of Agriculture		<u>292,882</u>
Total Expenditures of Federal Awards		<u>\$1,095,976</u>

NOTE: The accompanying schedule of expenditures of federal awards includes the federal grant activity of **the Foundation** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See Independent Auditors' Report on Supplementary Information.

NEW BEGINNINGS SCHOOLS FOUNDATION
COMBINING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2007

	<u>Pierre A. Capdan Charter School</u>	<u>Medard H. Nelson Charter School</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$1,317,175	\$ 663,367	\$1,980,542
Grants receivable	1,281,151	162,189	1,443,340
Due from other program	-0-	522,562	522,562
Equipment, net	<u>78,510</u>	<u>-0-</u>	<u>78,510</u>
Total assets	<u>\$2,676,836</u>	<u>\$1,348,118</u>	<u>\$4,024,954</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	\$1,693,151	\$1,098,461	\$2,791,612
Due to other program	<u>522,562</u>	<u>-0-</u>	<u>522,562</u>
Total liabilities	<u>2,215,713</u>	<u>1,098,461</u>	<u>3,314,174</u>
Net Assets:			
Unrestricted	<u>461,123</u>	<u>249,657</u>	<u>710,780</u>
Total net assets	<u>461,123</u>	<u>249,657</u>	<u>710,780</u>
Total liabilities and net assets	<u>\$2,676,836</u>	<u>\$1,348,118</u>	<u>\$4,024,954</u>

See Independent Auditors' Report on Supplementary Information.

NEW BEGINNINGS SCHOOLS FOUNDATION
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Pierre A. Capdau</u> <u>Charter School</u>	<u>Medard H. Nelson</u> <u>Charter School</u>	<u>Total</u>
REVENUES			
Local Sources:			
Minimum Foundation Program	\$1,168,011	\$ 585,312	\$1,753,323
Contributions	77,032	97,233	174,265
Interest	64,675	57,329	122,004
Charges for food services	8,590	5,490	14,080
Other	<u>3,186</u>	<u>7,990</u>	<u>11,176</u>
Total local sources	<u>1,321,494</u>	<u>753,354</u>	<u>2,074,848</u>
State Sources:			
Minimum Foundation Program	1,645,736	850,379	2,496,115
Grants	<u>59,382</u>	<u>237,374</u>	<u>296,756</u>
Total state sources	<u>1,705,118</u>	<u>1,087,753</u>	<u>2,792,871</u>
Federal grants	<u>594,181</u>	<u>501,795</u>	<u>1,095,976</u>
Total revenues	<u>3,620,793</u>	<u>2,342,902</u>	<u>5,963,695</u>
EXPENSES			
Program Services:			
Instruction programs	1,958,046	1,417,570	3,375,616
Support Services:			
Pupil support services	284,859	264,901	549,760
Instructional staff services	-0-	61,624	61,624
General administration	129,069	158,546	287,615
School administration	777,642	325,719	1,103,361
Business services	112,933	145,748	258,681
Plant services	265,499	153,409	418,908
Student transportation services	15,923	-0-	15,923
Central services	13,365	13,515	26,880
Food services operations	<u>166,646</u>	<u>127,093</u>	<u>293,739</u>
Total expenses	<u>3,723,982</u>	<u>2,668,125</u>	<u>6,392,107</u>
Change in net assets	(103,189)	(325,223)	(428,412)
Net assets - July 1, 2006	<u>564,312</u>	<u>574,880</u>	<u>1,139,192</u>
Net assets - June 30, 2007	<u>\$ 461,123</u>	<u>\$ 249,657</u>	<u>\$ 710,780</u>

See Independent Auditors' Report on Supplementary Information.

NEW BEGINNINGS SCHOOLS FOUNDATION
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Pierre A. Capdau</u> <u>Charter School</u>	<u>Medard H. Nelson</u> <u>Charter School</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ (103,189)	\$ (325,223)	\$(428,412)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation expense	19,933	-0-	19,933
(Increase) decrease in grants receivable	(199,899)	143,421	(56,478)
Increase in accounts payable	268,472	313,746	582,218
Increase in due from other program	-0-	(488,616)	(488,616)
Increase in due to other program	<u>488,616</u>	<u>-0-</u>	<u>488,616</u>
Net cash provided by (used in) operating activities	<u>473,933</u>	<u>(356,672)</u>	<u>117,261</u>
Increase (decrease) in cash and cash equivalents	473,933	(356,672)	117,261
Cash and cash equivalents, beginning of year	<u>843,242</u>	<u>1,020,039</u>	<u>1,863,281</u>
Cash and cash equivalents, end of year	<u>\$1,317,175</u>	<u>\$ 663,367</u>	<u>\$1,980,542</u>

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INDEPENDENT AUDITORS' 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 of
New Beginnings Schools Foundation

We have audited the financial statements of **New Beginnings Schools Foundation (the Foundation)**, (a nonprofit organization) as of and for the year ended June 30, 2007, and have issued our report thereon dated May 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 **the Foundation'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 Foundation's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **the Foundation's** internal control over financial reporting.

INDEPENDENT AUDITORS' 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
(CONTINUED)

Internal Control Over Financial Reporting, Continued

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 Foundation'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 Foundation's** financial statements that is more than inconsequential will not be prevented or detected by **the Foundation'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 Foundation'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 that might be 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.

INDEPENDENT AUDITORS' 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
(CONTINUED)

Compliance and Other Matters

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

We noted certain matters that we reported to management of **the Foundation** in a separate letter dated May 20, 2008.

This report is intended solely for the information and use of management, **the Foundation's** Board of Directors, the Louisiana Recovery School District, the Louisiana Legislative Auditor, Federal and state 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.

Bruno & Tervalon
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 20, 2008



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

To the Board of Directors of
New Beginnings Schools Foundation

Compliance

We have audited the compliance of the **New Beginnings Schools Foundation (the Foundation)** 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 its major federal program for the year ended June 30, 2007. **The Foundation's** major federal program is 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 its major federal program is the responsibility of **the Foundation's** management. Our responsibility is to express an opinion on **the Foundation'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

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

(CONTINUED)

Compliance, Continued

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 Foundation'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 Foundation's** compliance with those requirements.

As described in item 07-01 in the accompanying schedule of findings and questioned costs, **the Foundation** did not comply with requirements regarding the schoolwide program that are applicable to its Title 1 Program. Compliance with such requirements is necessary, in our opinion, for **the Foundation** to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, **the Foundation** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of **the Foundation** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **the Foundation's** internal control over compliance with the 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 Foundation's** internal control over compliance.

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

(CONTINUED)

Internal Control Over Compliance, Continued

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-01 to be a significant deficiency.

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 **Foundation's** internal control. We consider the significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-01 to be a material weakness.

The Foundation's response to the finding identified in our audit is described in a separate document.

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

(CONTINUED)

This report is intended solely for the information and use of, management, Board of Directors, the Louisiana Recovery School District, the Louisiana Legislative Auditor, and Federal and state 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.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 20, 2008

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

Section I - SUMMARY OF AUDITORS' RESULTS

- A. The type of report issued on the financial statements: unqualified opinion.
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: no Material weakness: no.
- C. Noncompliance which is material to the financial statements: no.
- D. Significant deficiencies in internal control over major programs: yes. Material weaknesses: yes.
- E. The type of report issued on compliance for major programs: qualified opinion.
- F. Any audit findings which are required to be reportable under Section 510(a) of OMB Circular A-133: yes.
- G. Major programs:

United States Department of Education
Title I
(CFDA No. 84.010)
- H. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- I. Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: no.
- J. A management letter issued: yes.

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

**Section II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards**

No matters reported.

Section III - Findings and Questioned Costs Related to Federal Awards

07-01 Core Elements of a Schoolwide Program

Criteria

According to the Code of Federal Regulations (CFR) Part 34, Section 200.26:

To operate a schoolwide program, a school must include the following three core elements:

- o Comprehensive needs assessment of the entire school;
- o Comprehensive plan based on data from the needs assessment; and
- o Annual evaluation of, and results achieved by, the schoolwide program and revision of the schoolwide plan based on that evaluation.

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Section III - Findings and Questioned Costs Related to Federal Awards

07-01 Core Elements of a Schoolwide Program, Continued

Condition and Context

The Foundation did not provide documentation to support that the Foundation developed a Title I schoolwide program that includes the above three (3) core elements.

Cause

The failure to comply with schoolwide program requirements.

Effect

The Foundation has not complied with 34 CFR Section 200.26 regarding core elements of a schoolwide program.

Recommendation

We recommend that the Foundation take the necessary action to provide and retain supporting documentation that core elements of its schoolwide program are adequately developed.

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

Section I - INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO THE FINANCIAL STATEMENTS

06-01 Submission of Audit Report

We recommended that **the Foundation** review its financial reporting procedures to ensure that audit engagements are submitted to the State of Louisiana Legislative Auditor within the require timeframe.

Current Status

Unresolved. See current year management letter comment 07-02 reported to management in a separate letter dated May 20, 2008.

Section II - INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO FEDERAL AWARDS

06-02 Submission of Single Audit Report

We recommended that **the Foundation** review its disaster recovery procedures to help minimize the delays resulting from any disaster to allow for the timely submission of the single audit report to the federal clearinghouse within the required timeframe.

Current Status

Resolved.

Section III - MANAGEMENT LETTER

See status of prior year management letter comments reported to management in a separate letter dated May 20, 2008.

NEW  BEGINNINGS
S C H O O L S F O U N D A T I O N

2045 Lakeshore Dr, Research & Technology Park, Cerm Bid Rm 419, New Orleans, LA 70148
504.280.2311 (Office)/504.280.2312 (Fax)

May 30, 2008

Mr. Michael Bruno
Bruno and Tervalon LLP
Certified Public Accountants
4298 Elysian Fields Ave.
New Orleans, LA 70122

Dear Mr. Bruno:

In conjunction with the Findings Relating to the Federal Awards in Accordance with Government Auditing Standards for Submission of Audit Report relative to the Fiscal Year 2006-2007, the management of the New Beginnings Schools Foundation (the "School") appreciates the opportunity to respond to this finding.

Section III -- Findings and Questioned Costs Related to Federal Awards

07-01 Core Elements of A Schoolwide Program

The School is in agreement with CFR Part 34, Section 200.26 that the three core elements of a schoolwide program must be in place for Title I and the proper documentation was not produced. We are in the process of developing the required three core elements consisting of a comprehensive needs assessment of the entire school, comprehensive plan based on data from the needs assessment and the annual evaluation of the results achieved by the schoolwide program.

Sincerely,



Andre M Perry, PhD
Chief Executive Officer Charter Schools

Cc: Timothy P. Ryan, Chairman
Fitzpatrick S. Nedd, Chief Financial Officer



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Michael B. Bruno, CPA
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Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Directors of
New Beginnings Schools Foundation

We have audited the financial statements of the **New Beginnings Schools Foundation (the Foundation)** for the year ended June 30, 2007, and have issued our report thereon dated May 20, 2008.

In planning and performing our audit of the financial statements of **the Foundation** as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered **the Foundation's** internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the Foundation's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the Foundation's** internal control.

However, during our audit we became aware of certain matters that are an opportunities for strengthening internal controls and operating efficiency. These comments that accompany this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated May 20, 2008, on the financial statements of **the Foundation**.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various personnel of **the Foundation**, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

This report is intended solely for the information and use of management, **the Foundation's** Board of Directors, the Louisiana Recovery School District, the Louisiana Legislative Auditor, state 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.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 20, 2008

**NEW BEGINNINGS SCHOOLS FOUNDATION
CURRENT YEAR MANAGEMENT LETTER COMMENTS**

07-01 FINANCIAL REPORTING

The June 30, 2007 fiscal year end internal financial statements of **the Foundation** were not completed until approximately the middle of April, 2008. The performance of key financial reviews, monitoring and other internal control functions as well as the financial decisions making process by **the Foundation** should be based on reliable and timely financial reporting.

Therefore, we continue recommend that the management of **the Foundation** review its current financial reporting procedures to ensure that financial statements and other related reports are completed accurately and on a timely basis.

07-02 SUBMISSION OF AUDIT REPORT

The June 30, 2007 audited financial statements were not submitted to the Legislative Auditor by the statutory due date of December 31, 2007. An approved extension to file the June 30, 2007 audit report with the Legislative Auditor was not granted to **the Foundation** due to circumstances surrounding a natural disaster.

LSA-RS 24:513 (A)(5)(i) requires audit reports to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end, unless the Louisiana Legislative Audit Advisory Council approves an extension request, based only on a natural disaster, to file the audit report with the Louisiana Legislative Auditor by a specific date.

An audit report filed with an approved extension from the Legislative Auditor after the six (6) months timeframe for any reason other than for a natural disaster is a violation of the State audit completion and submission law, as described above.

We recommend that **the Foundation** review its financial reporting procedures to ensure that audit engagements are submitted to the State of Louisiana Legislative Auditor within the required time frame.

NEW BEGINNINGS SCHOOLS FOUNDATION
PRIOR YEAR MANAGEMENT LETTER COMMENTS

06-01 DISASTER RECOVERY PROGRAM

We recommended that a formal Disaster Recovery Program be implemented and that related policies and procedures are developed. Procedures for the backup of financial operations should be a major consideration in developing the **Foundation's** Disaster Recovery Program.

Current Status


Resolved.

06-02 FINANCIAL REPORTING

We recommended that the management of the **Foundation** review its financial reporting procedures to ensure that financial statements and other related reports are completed on a timely basis.

Current Status

Unresolved. See current year finding 07-01.

NEW  BEGINNINGS
SCHOOLS FOUNDATION

*2045 Lakeshore Dr. Research & Technology Park, Cerm Bld Rm 419, New Orleans, LA 70148
504.280.2311 (Office)/504.280.2312 (Fax)*

May 30, 2008

Mr. Michael Bruno
Bruno and Tervalon LLP
Certified Public Accountants
4298 Elysian Fields Ave.
New Orleans, LA 70122

Dear Mr. Bruno:

In conjunction with the Independent Auditors Comments to Management in Accordance with Government Auditing Standards for Submission of Audit Report relative to the Fiscal Year 2006-2007, the management of the New Beginnings Schools Foundation (the "School") appreciates the opportunity to respond to these comments.

07-01 FINANCIAL REPORTING

The School concurs with auditor's recommendation review of its current financial reporting procedures to ensure that financial statements and other related reports are completed accurately and on a timely basis. The necessary steps have been taken to hire a qualified Business Manager and adequate staff to prepare and review the books in a timely fashion for completion of all financial statements prior to and at year end before audit review.

07-02 SUBMISSION OF AUDIT REPORT

The School concurs with auditors recommendation for audit reports to be completed within six months after the statutory due date of December 31, 2007. Due to the damaging effects of Hurricane Katrina, which occurred on August 29, 2005 and resulted in the loss of pertinent personnel and documents prior year audits for fiscal year 2005 and 2006 had to be completed before fiscal year 2007. With all prior year audits completed the school is now in a position to complete all future audits timely within the statutory required due dates.

NEW  **BEGINNINGS**
SCHOOLS FOUNDATION

*2045 Lakeshore Dr, Research & Technology Park, Cerm Bld Rm 419, New Orleans, LA 70148
504.280.2311 (Office)/504.280.2312 (Fax)*

Sincerely,



Andre M Perry, PhD
Chief Executive Officer Charter Schools

Cc: Timothy P. Ryan, Chairman
Fitzpatrick S. Nedd, Chief Financial Officer

NEW BEGINNINGS SCHOOLS FOUNDATION
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2007

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**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
New Beginnings Schools Foundation

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the **New Beginnings Schools Foundation (the Foundation)**, operator of the **Pierre A. Capdau Charter School** and the **Medard H. Nelson 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 **the Foundation** 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). This agreed-upon procedures 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.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS

Our procedures and findings relate to the accompanying schedules of supplemental information and 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 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 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 Public Principals, Assistant Principals, and Full Time Classroom Teachers" (SCHEDULE 4) to the combined total number of full-time classroom teachers per this schedule and to the Foundation's supporting payroll records as of October 1, 2006.

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

Education Levels of Public School Staff (SCHEDULE 2), Continued

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (SCHEDULE 4) to the combined total of principals and assistant principals per this schedule.

No differences noted.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2006 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

No 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 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

Experience of Public Principals and Full-time Classroom Teachers (SCHEDULE 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2006 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 differences noted.

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 a random sample of 25 teachers 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 differences noted.

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

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

Class Size Characteristics (SCHEDULE 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample of 10 classes to the October 1, 2006 roll books for those classes and determined if the class was properly classified on the schedule.

No 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 **Foundation**.

No 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 testing authority to scores reported in the schedule by the **Foundation**.

No differences noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

The Iowa and 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 Foundation**.

No 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 have come to our attention that would have been reported to you.

This report is intended solely for the use of management of **the Foundation**, the Louisiana Department of Education, the Louisiana Recovery School District, 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.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 20, 2008

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

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

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

SCHEDULE 2 - Education Levels of Public School Staff

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

SCHEDULE 3 - Number and Type of Public Schools

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

SCHEDULE 4 - Experience of Public Principals 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).

NEW BEGINNINGS SCHOOLS FOUNDATION
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA, CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

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. This data is currently reported to the Legislature in the Annual School Report (ASR).

SCHEDULE 7 - Louisiana Educational Assessment Program (LEAP) for the 21st Century

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

SCHEDULE 8 - The Graduation Exit Exam

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

SCHEDULE 9 - The IOWA and iLEAP Tests

This schedule represents the Iowa testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule also includes the iLEAP testing data for 2007 and 2006.

New Beginnings Schools Foundation
New Orleans, Louisiana

Schedule 1

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2007**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	2,032,624	
Other Instructional Staff Activities		148,665	
Employee Benefits		544,218	
Purchased Professional and Technical Services		8,658	
Instructional Materials and Supplies		228,449	
Instructional Equipment		50,791	
Total Teacher and Student Interaction Activities		3,013,405	\$ 3,013,405

Other Instructional Activities 362,211

Pupil Support Activities	549,760	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	549,760	549,760

Instructional Staff Services	61,624	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	61,624	61,624

School Administration	1,103,361	
Less: Equipment for School Administration	-	
Net School Administration	1,103,361	1,103,361

Total General Fund Instructional Expenditures \$ 5,090,361

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

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

Local Earnings on Investment in Real Property:

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

State Revenue in Lieu of Taxes:

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

See accompanying independent accountants' report on applying agreed-upon procedures.

New Beginnings Schools Foundation
New Orleans, Louisiana

Education Levels of Public School Staff
As of October 1, 2006

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	39	71%						
Master's Degree	15	27%			5	83%		
Master's Degree + 30	1	2%			1	17%		
Specialist in Education								
Ph. D. or Ed. D.								
Total	55	100%			6	100%		

See accompanying independent accountants' report on applying agreed-upon procedures.

**New Beginnings Schools Foundation
New Orleans, Louisiana**

**Number and Type of Public Schools
For the Year Ended June 30, 2007**

Type	Number
Elementary	1
Middle/Jr. High	
Secondary	
Combination	1
Total	2

Note: Schools opened or closed during the fiscal year are included in this schedule.

See accompanying independent accountants' report on applying agreed-upon procedures.

New Beginnings Schools Foundation
New Orleans, Louisiana

Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers
As of October 1, 2006

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	1	2	0	0	0	3
Principals	0	0	0	1	1	1	0	3
Classroom Teachers	13	9	13	4	6	6	4	55
Total	13	9	14	7	7	7	4	61

See accompanying independent accountants' report on applying agreed-upon procedures.

New Beginnings Schools Foundation
New Orleans, Louisiana

Public School Staff Data
For the Year Ended June 30, 2007

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$ 40,999	
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 39,852	
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	55	

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

See accompanying independent accountants' report on applying agreed-upon procedures.

New Beginnings Schools Foundation
New Orleans, Louisiana

Class Size Characteristics
As of October 1, 2006

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	60%	24	25%	10	15%	6		
Elementary Activity Classes								
Middle/Jr. High	87%	33	13%	5				
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

See accompanying independent accountants' report on applying agreed-upon procedures.

New Beginnings Schools Foundation
New Orleans, Louisiana

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	3	4%	1	2%			2	3%	1	2%		
Mastery	9	13%	2	3%			8	12%	2	3%		
Basic	24	36%	19	32%			23	34%	10	17%		
Approaching Basic	13	19%	15	25%			15	22%	15	25%		
Unsatisfactory	18	27%	23	38%			19	28%	32	53%		
Total	67	99%	60	100%			67	99%	60	100%		

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0%	0	0%	0	0%	0	0%	1	2%	0	0%
Mastery	1	2%	1	2%	1	1%	0	0%	1	2%	0	0%
Basic	14	25%	10	17%	10	12%	20	36%	13	22%	11	13%
Approaching Basic	28	50%	17	29%	23	27%	23	41%	14	24%	36	42%
Unsatisfactory	13	23%	30	52%	52	60%	13	23%	29	50%	39	45%
Total	56	100%	58	100%	86	100%	56	100%	58	100%	86	100%

Note: The Foundation was not operating during the 2004 fiscal year.

Note: In the 2005 fiscal year, the Foundation did not service the 4th grade level.

Note: Due to rounding, certain percentage totals may not equal 100%.

See accompanying independent accountants' report on applying agreed-upon procedures.

New Beginnings Schools Foundation
New Orleans, Louisiana

The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced												
Mastery												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

Note: This schedule does not apply.

See accompanying independent accountants' report on applying agreed-upon procedures.

New Beginnings Schools Foundation
New Orleans, Louisiana

The IOWA and / LEAP Tests
For The Year Ended June 30, 2007

IOWA Tests

	Composite	
	2005	2004
Test of Basic Skills (TBS)		
Grade 3	49	
Grade 5		
Grade 6		
Grade 7	24	
Tests of Educational Development (TED)		
Grade 9		

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.

Note: 2005 was the last year of IOWA testing. From 2006 onwards /LEAP has taken place.

Note: The 2005 fiscal year was the first year the Foundation operated; therefore information relating to the 2004 fiscal year is not applicable on this schedule.

New Beginnings Schools Foundation
New Orleans, Louisiana

The IOWA AND / LEAP Tests
For the Year Ended June 30, 2007

/ LEAP Tests

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	7	12%	5	8%	2	3%	8	14%
Basic	21	36%	29	49%	19	32%	23	39%
Approaching Basic	17	29%	10	17%	25	42%	17	29%
Unsatisfactory	14	24%	15	25%	13	22%	11	19%
Total	59	101%	59	99%	59	99%	59	101%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	3	5%	1	2%	0	0%
Basic	17	26%	14	22%	12	18%	20	31%
Approaching Basic	18	28%	14	22%	31	48%	22	34%
Unsatisfactory	30	46%	34	52%	21	32%	23	35%
Total	65	100%	65	101%	65	100%	65	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	1	2%	0	0%	0	0%	0	0%
Mastery	2	4%	1	2%	0	0%	2	4%
Basic	15	28%	21	39%	14	26%	10	19%
Approaching Basic	16	30%	12	22%	27	50%	24	44%
Unsatisfactory	20	37%	20	37%	13	24%	18	33%
Total	54	101%	54	100%	54	100%	54	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0%	0	0%	1	2%	0	0%
Mastery	1	2%	1	2%	0	0%	3	5%
Basic	19	32%	20	34%	17	29%	20	34%
Approaching Basic	23	39%	18	31%	27	46%	18	31%
Unsatisfactory	16	27%	20	34%	14	24%	18	31%
Total	59	100%	59	101%	59	101%	59	101%

District Achievement Level Results	English Language Arts		Mathematics	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	0	0%	0	0%
Mastery	4	4%	3	3%
Basic	36	40%	23	26%
Approaching Basic	33	37%	22	25%
Unsatisfactory	16	18%	41	46%
Total	89	99%	89	100%

Note: Due to rounding, certain percentage totals may not equal 100%.

See accompanying independent accountants' report on applying agreed-upon procedures.

New Beginnings Schools Foundation
New Orleans, Louisiana

The IOWA AND /LEAP Tests
For the Year Ended June 30, 2007

/LEAP Tests

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	1%	1	1%	0	0%	0	0%
Mastery	5	7%	7	10%	0	0%	8	12%
Basic	18	25%	17	24%	12	17%	15	21%
Approaching Basic	15	21%	16	22%	27	38%	23	32%
Unsatisfactory	33	46%	31	43%	32	45%	25	35%
Total	72	100%	72	100%	71	100%	71	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	2	4%	1	2%	1	2%	1	2%
Basic	11	18%	12	20%	7	11%	13	22%
Approaching Basic	14	23%	12	20%	18	30%	17	29%
Unsatisfactory	33	55%	35	58%	34	57%	27	47%
Total	60	100%	60	100%	60	100%	58	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	1	1%	0	0%	0	0%	0	0%
Mastery	3	5%	1	1%	1	2%	1	1%
Basic	21	30%	17	25%	17	26%	16	25%
Approaching Basic	22	32%	23	33%	32	49%	29	45%
Unsatisfactory	22	32%	28	41%	15	23%	19	29%
Total	69	100%	69	100%	65	100%	65	100%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	3	5%	0	0%	1	2%	0	0%
Basic	15	27%	10	18%	10	17%	29	49%
Approaching Basic	24	43%	18	32%	27	46%	14	24%
Unsatisfactory	14	25%	28	50%	21	36%	16	27%
Total	56	100%	56	100%	59	101%	59	100%

Note: Due to rounding, certain percentage totals may not equal 100%.