

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING  
Baton Rouge, Louisiana

FINANCIAL STATEMENTS  
For the Years Ended June 30, 2010 and 2009

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 8/19/11

**THOMAS, WILSON, RAGUSA, UFFMAN & CO.**

**CERTIFIED PUBLIC ACCOUNTANTS  
BATON ROUGE, LOUISIANA**

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**THOMAS, WILSON, RAGUSA, UFFMAN & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Community School for Apprenticeship Learning  
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of Community School for Apprenticeship Learning (a nonprofit School) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community School for Apprenticeship Learning as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2011, on our consideration of Community School for Apprenticeship Learning's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this 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. This 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 audits.

*Thomas, Wilson, Ragusa, Uffman & Co. CPAs*

Certified Public Accountants  
February 25, 2011

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING  
Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION  
(See Notes to Financial Statements)

ASSETS

	June 30,	
	2010	2009
<b>CURRENT ASSETS:</b>		
Cash - Unrestricted	\$ 485,718	\$ 209,329
Accounts Receivable - MFP	74,598	74,434
Accounts Receivable - Federal Programs	-	38,110
Accounts Receivable - State Programs	-	12,332
Other Miscellaneous Receivables	13,121	-
Employee Receivable	2,931	1,268
Prepaid Insurance	5,759	4,437
<b>TOTAL CURRENT ASSETS</b>	<b>582,127</b>	<b>339,910</b>
<b>PROPERTY AND EQUIPMENT:</b>		
Land	86,938	-
Buildings and Leasehold Improvements in Progress	237,699	30,750
Furniture and Fixtures	130,383	50,690
Equipment	166,415	83,674
Landscaping	1,870	1,870
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b>623,305</b>	<b>166,984</b>
Less Accumulated Depreciation	134,213	102,439
<b>NET PROPERTY AND EQUIPMENT</b>	<b>489,092</b>	<b>64,545</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,071,219</b>	<b>\$ 404,455</b>

LIABILITIES AND NET ASSETS

	June 30,	
	<u>2010</u>	<u>2009</u>
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 25,943	\$ 754
Accrued Payroll Taxes	20,091	10,523
Payroll Liabilities	12,999	1,136
Line of Credit	128,972	69,626
Credit Card Payable	16,694	3,626
Accrued Insurance	<u>1,721</u>	<u>-</u>
<b>TOTAL LIABILITIES (ALL CURRENT)</b>	<b>206,420</b>	<b>85,665</b>
<b>NET ASSETS:</b>		
Unrestricted	<u>864,799</u>	<u>318,790</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,071,219</u></b>	<b><u>\$ 404,455</u></b>

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING  
Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES  
(See Notes to Financial Statements)

	Years Ended June 30,	
	2010	2009
CHANGES IN UNRESTRICTED NET ASSETS		
PUBLIC SUPPORT REVENUES AND OTHER SUPPORT:		
East Baton Rouge Parish School Board Support - MFP	\$ 2,499,234	\$ 1,564,007
Support from Federal Programs	127,185	414,930
Support from State Programs	709,784	119,164
East Baton Rouge Parish School Board Support - Food Allocation	20,099	14,066
Student Services - Food	6,540	4,042
Contributions	284,000	35,701
Miscellaneous Income and Student Fees	34,884	38,104
	<hr/>	<hr/>
TOTAL PUBLIC SUPPORT REVENUES AND OTHER SUPPORT	3,681,726	2,190,014
EXPENDITURES:		
Program Expenses	2,149,854	1,243,634
Administrative Expenses	1,004,340	895,212
	<hr/>	<hr/>
TOTAL EXPENDITURES	3,154,194	2,138,846
INCREASE IN UNRESTRICTED NET ASSETS	527,532	51,168
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	318,790	267,622
PRIOR PERIOD ADJUSTMENTS	18,477	-
	<hr/>	<hr/>
UNRESTRICTED NET ASSETS AT END OF YEAR	\$ 864,799	\$ 318,790
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COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING  
Baton Rouge, Louisiana

STATEMENTS OF FUNCTIONAL EXPENSES  
(See Notes to Financial Statements)

	For the Year Ended June 30, 2010		
	Administrative Expenses	Program Expenses	Total
EXPENSES:			
Salaries	\$ 348,833	\$ 1,205,609	\$ 1,554,442
Payroll Taxes	38,956	6,807	45,763
Employee Benefit Other	-	19,220	19,220
Advertising and Promotional	600	-	600
Materials, Supplies, Books, & Periodicals	122,622	137,252	259,874
Depreciation	31,774	-	31,774
Dues and Subscriptions	7,689	10,268	17,957
Equipment Rental	-	-	-
Food Service	-	142,038	142,038
Health Insurance	53,787	185,896	239,683
Insurance	17,497	-	17,497
Disposal	3,133	-	3,133
Miscellaneous	506	752	1,258
Postage and Telephone	21,467	-	21,467
Technical and Professional Services	115,289	54,142	169,431
Rent	1,200	-	1,200
Repairs and Maintenance	120,660	250	120,910
Retirement	46,076	159,246	205,322
Transportation	-	167,787	167,787
Travel	3,510	28,029	31,539
Utilities	9,421	32,559	41,980
Interest Expense	9,602	-	9,602
EBR Parish School Board - Indirect Costs	51,717	-	51,717
TOTAL EXPENSES	\$ 1,004,339	\$ 2,149,855	\$ 3,154,194

## For the Year Ended June 30, 2009

Administrative Expenses	Program Expenses	Total
\$ 257,837	\$ 761,987	\$ 1,019,824
23,362	7,905	31,267
1,772	600	2,372
10,142	-	10,142
58,354	72,217	130,571
12,718	-	12,718
18,877	2,008	20,885
2,143	725	2,868
-	95,104	95,104
130,002	43,990	173,992
20,082	-	20,082
-	-	-
1,245	61	1,306
7,112	-	7,112
87,315	62,176	149,491
7,863	23,237	31,100
50,667	4,053	54,720
33,386	98,666	132,052
95,580	43,783	139,363
12,006	21,773	33,779
15,806	5,349	21,155
-	-	-
48,943	-	48,943
<u>\$ 895,212</u>	<u>\$ 1,243,634</u>	<u>\$ 2,138,846</u>



COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING  
Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS  
(See Notes to Financial Statements)

	Years Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from East Baton Rouge School Board	\$ 2,519,169	\$ 1,572,373
Cash Received from Federal and State Programs	284,000	630,311
Cash Received from Other Sources	915,714	77,847
Cash Paid to Employees	(1,553,850)	(1,041,972)
Cash Paid for Goods and Services	(1,491,669)	(1,151,140)
	<u>673,364</u>	<u>87,419</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Land	(86,938)	-
Payments for Buildings and Improvements	(206,949)	(30,750)
Payments for Equipment	(82,741)	-
Payments for Furniture and Fixtures	(79,693)	-
	<u>(456,321)</u>	<u>(30,750)</u>
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Line of Credit	59,346	69,626
Decrease in Cash Overdraft	-	(1,604)
	<u>59,346</u>	<u>68,022</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE IN CASH	276,389	124,691
BEGINNING CASH BALANCE	<u>209,329</u>	<u>84,638</u>
ENDING CASH BALANCE	<u>\$ 485,718</u>	<u>\$ 209,329</u>

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING  
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-I-  
June 30, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

School – Community School for Apprenticeship Learning (the School) is an independent public middle school with a charter to operate in East Baton Rouge Parish expiring June 30, 2012. The School has an enrollment of 160 students and teaches using a project based instruction as one of the primary tools of delivery for children who have difficulties learning in a traditional school model. During 2009, the School applied for and received a charter to operate a public high school in East Baton Rouge Parish. At the High School, students focus on either a liberal arts or a math/science student track, with their senior year focusing on the specific academic track and allowing students to intern with local companies to get experience and exposure in the workplace in areas related to their academic track. Madison Preparatory High School opened for the 2009-2010 school year with a ninth grade class and will add a grade each of the following three years. During the 2009-2010 school year Madison Preparatory had an enrollment of 89 students. The initial charter is for five years but will be re-evaluated after three years.

The School is a nonprofit School as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Support – The school is issued monthly per pupil Minimum Foundation Program (MFP) distributions as determined by the State Department of Education through the East Baton Rouge Parish School Board. The distribution is based on the October 1 enrollment and is adjusted accordingly for any State Department of Education audit adjustments.

The School also applies for various grants from the private and public sector. The grants are for specific items and are nonrecurring. The School also receives federal and state funds passed through the Louisiana Department of Education and the Louisiana Department of Social Services for various after school programs.

Concentration of Support – The School received approximately 68% and 71% of its annual revenue from the East Baton Rouge Parish School Board for the years ended June 30, 2010 and 2009, respectively.

Contributions – Contributions received are allocated as restricted or unrestricted based on the donors' stipulations.

Donated Services – No amounts have been reflected in the financial statements for donated services. The School generally pays for services requiring specific expertise. However, some Board Members volunteer their time and perform a variety of tasks that assist the School with administrative programs.

Program – The sole program of the School is an instructional program.

Functional Expenses – The costs of providing various program and administrative services have been reported on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the various program and administrative services based on estimates made by management.

Cash and Cash Equivalents – For purposes of the statement of cash flows, cash includes all unrestricted cash accounts held at financial institutions and cash on hand.

Property and Equipment – Purchased property and equipment is capitalized at cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets.

Accounts Receivable – Bad debts are charged to operations in the year in which the account is determined uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements. No amounts for an allowance for bad debts have been established as the School expects to collect the balance in full.

Advertising – The School expenses advertising costs as they are incurred.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING  
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-2-  
June 30, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates - Management used estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

NOTE 2: ACCOUNTS RECEIVABLE

Accounts receivable - MFP at June 30, 2010 and 2009 represent the amounts due from the East Baton Rouge Parish School Board net of monthly expenses paid directly to the School Board through deduction from total support. These amounts were received within 60 days after year-end.

Accounts receivable - Federal Programs at June 30, 2009 represented amounts due from the Louisiana Department of Education for federal pass through grants under the 21<sup>st</sup> Century Program. These amounts were received within 60 days after year-end.

Accounts receivable - State Programs at June 30, 2009 represented amounts due from the Louisiana Department of Social Services for the Continuing Day and Teen Pregnancy Prevention afterschool programs. These amounts were received within 60 days after year-end.

NOTE 3: OPERATING LEASE

The School leases its facilities from the East Baton Rouge Parish School Board on a year-to-year basis. From July, 2008 through December 2008, monthly rent of \$5,083 was deducted from the monthly support. On December 18, 2008, the school entered into a new lease agreement with the school board which reduced the monthly rent charged to the school from \$5,083 to \$100. Total rent paid during the years ended June 30, 2010 and 2009 was \$1,200 and \$31,100, respectively. The new lease agreement expires on June 30, 2012. As a result of the agreement *Community School for Apprenticeship Learning* will now be responsible for utilities expense, janitorial expenses, and other maintenance charges previously assumed by the East Baton Rouge School Board. Estimated annual rental obligations for the years ending June 30, 2011, and 2012 are \$1,200 per year.

The School leases office equipment on a monthly basis. The monthly rental cost is \$575 per month. Total equipment rental for the years ended June 30, 2010 and 2009 was \$0 and \$2,868, respectively.

NOTE 4: RETIREMENT PLAN

School employees are covered by the East Baton Rouge Parish Teacher's Retirement Plan. Employees are required to defer 8% of their salary into the plan. The School contributed an additional 15.5% into the plan for the years ended June 30, 2010 and 2009, respectively. During the years ended June 30, 2010 and 2009 the School contributed \$205,322 and \$132,052, respectively, to the plan.

Individuals employed for the after school programs are not eligible to participate in the Teachers Retirement Plan but are covered by the social security system.

NOTE 5: TRANSACTION WITH RELATED PARTY

The school paid a related party \$1,500 during the years ended June 30, 2009 for grant writing services.

NOTE 6: INCOME TAXES

As of June 30, 2010, tax returns filed for 2007, 2008 and 2009 in each jurisdiction remain subject to examination.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING  
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS-3-  
June 30, 2010 and 2009

NOTE 7: LINE OF CREDIT

On February 13, 2009, the School secured a \$200,000 line of credit with a bank. The funds were used to fund the buildings, improvements and equipment for the new high school. The line of credit bears interest at the rate published by the Wall Street Journal, with an interest rate floor of 5%. At June 30, 2010, the interest rate was 5%. The line matures in February 2011, and is secured by an education grant. The balance at June 30, 2010 and 2009 was \$128,972 and \$69,626, respectively.

NOTE 8: SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Reconciliation of net income to net cash provided by operating activities:

	<u>2010</u>	<u>2009</u>
Increase in Net Assets	\$ 527,532	\$ 51,168
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Void Prior Period Checks	18,477	
Depreciation	31,774	12,718
Increase in Accounts Receivable – MFP	(164)	(5,700)
Decrease in Accounts Receivable – Federal Programs	38,110	100,981
Decrease (Increase) in Accounts Receivable – Louisiana Programs	12,332	(4,764)
(Increase) Decrease in Employee Receivable	(1,663)	1,389
Increase in Miscellaneous Receivable	(13,121)	-
(Increase) Decrease in Prepaid Expenses	(1,322)	4,220
Increase (Decrease) in Accounts Payable	25,189	(46,992)
Increase in Payroll Taxes Payable	9,568	3,563
Increase (Decrease) in Payroll Liabilities	11,863	(999)
Decrease in Due To Department of Social Services	-	(5,202)
Decrease in Accrued Salaries	-	(23,537)
Increase in Other Payable	13,068	3,626
Increase (Decrease) in Accrued Insurance	<u>1,721</u>	<u>(3,052)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 673,364</u>	 <u>\$ 87,419</u>

Cash paid for interest expense during the year ended June 30, 2010 and 2009 was \$9,602 and \$0, respectively.

NOTE 9: PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2010, the school voided old outstanding checks totaling \$18,477. This increased net assets by \$18,477.

NOTE 10: SUBSEQUENT EVENTS

In January 2011, the School signed a promissory note in the maximum principal sum of \$1,750,000 for purchase of property and improvements to be made thereon for the purpose of enlarging the school campus. The note is secured by a mortgage and leasehold mortgage. The loan bears interest at 5.68% and requires interest only payments from February 2011 through July 2011. Commencing on August 1, 2011, the loan will be termed out and the School will be required to make principal and interest payment based on a 20 year amortization schedule.

The school has evaluated all subsequent events through February 25, 2011, the date the financial statements were available to be issued.

# THOMAS, WILSON, RAGUSA, UFFMAN & CO.

## CERTIFIED PUBLIC ACCOUNTANTS

### 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  
Community School of Apprenticeship Learning

We have audited the financial statements of Community School for Apprenticeship Learning as of and for the year ended June 30, 2010 and have issued our report thereon dated February 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered Community School for Apprenticeship Learning'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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control of financial reporting that we considered to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we considered to be a significant deficiency in internal control over financial reporting: 2010-1. 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 Community School for Apprenticeship Learning'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 the instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2010-1.

We noted certain matters that were reported to management of Community School for Apprenticeship Learning in a separate letter dated February 25, 2011.

This report is intended for the information of the board of directors and management, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Thomas, Wilson, Ragusa, Uffman & Co. CPAs*

Certified Public Accountants  
February 25, 2011

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING  
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2010 and 2009

**Section A - Summary of Auditor's Reports**

- The auditor's report expresses an unqualified opinion on the financial statements of the Community School for Apprenticship Learning.
- No deficiencies were disclosed during the audit of the financial statements.
- No instances of noncompliance were disclosed during the audit of the financial statements.
- The Community School for Apprenticeship learning was determined to be a low-risk auditee for the year ended December 31, 2010.

**Section B - Financial Statement Findings**

**Current Year Finding:**

2010-1 Late Financial Reporting to Louisiana Legislative Auditor

Finding

Audited financial statements were not submitted to the Louisiana Legislative Auditor's office by 6 months after year end.

Response

The audit for the year ended June 30, 2011 will begin much earlier and audit will be submitted timely for the year ended June 30, 2011.

**Prior Year Finding**

2009-1 Late Financial Reporting to Louisiana Legislative Auditor

Finding

Audited financial statements were not submitted to the Louisiana Legislative Auditor's office by 6 months after year end.

Response

The audit for the year ended June 30, 2011 will begin much earlier and audit will be submitted timely for the year ended June 30, 2011.

# THOMAS, WILSON, RAGUSA, UFFMAN & Co.

C E R T I F I E D P U B L I C A C C O U N T A N T S

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February 25, 2011

To the Boards of Directors  
Community School for Apprenticeship Learning

We have audited the financial statements of Community School for Apprenticeship Learning for the year ended June 30, 2010, and have issued our report thereon dated February 25, 2011. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 22, 2010, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

## Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters with Veronica on October 13, 2010.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Community School for Apprenticeship Learning are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2010. We noted no transactions entered into by the Organization during the year for which there was a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the estimated future lease obligations for operating leases.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were Note 4 regarding the retirement plan and Note 10 detailing the subsequent events.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

Adjustments to separate fixed assets based on the school they are utilized.

An adjustment to reclassify \$8,025 from repairs to leasehold improvements.

An adjustment to record current year depreciation expense of \$31,774.

An adjustment to record draws on the line of credit in the amount of \$61,508 used to purchase furniture for Madison Prep.

In order to convert books to accrual basis of account, adjustments were made to record \$25,943 in accounts payable and \$74,598 in accounts receivable.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 25, 2011.



*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

However, during our audit we became aware of one matter that presents an opportunity for strengthening internal controls and operating efficiency. It is outlined in the memorandum that accompanies this letter. This letter does not affect our report dated February 25, 2011, on the financial statements of Community School for Apprenticeship Learning.

This information is intended solely for the use of Boards of Directors and management of the Community School for Apprenticeship Learning and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Thomas, Wilson, Ragusa, Luffman & Co. CPAs*

Baton Rouge, LA

**Community School for Apprenticeship Learning**

**~~Memorandum on Opportunities for Strengthening Internal Controls~~**

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**Old Outstanding Checks**

The bank reconciliation show outstanding checks dating back more than 12 months. We recommend that management establish a policy that sets an age for which outstanding checks that have not cleared the bank to be voided. Further we recommend that management review the voided checks and consider contacting the recipient and issuing a replacement check.

Outstanding payroll checks should be voided and funds turned over to the State of Louisiana's unclaimed property division.

# THOMAS, WILSON, RAGUSA, UFFMAN & Co.

C E R T I F I E D P U B L I C A C C O U N T A N T S

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ROBERT B. MCNABB, CPA  
NICHOLAS C. CORSO, CPA, CFP®

June 30, 2011

Tonya Forbes  
Louisiana Legislative Auditor  
1600 North Third Street  
PO Box 94397  
Baton Rouge, LA 70804-9397

Re: Community School for Apprenticeship Learning  
Status of 2009 audit findings

Dear Tonya:

With regards to the findings referred to in the management letter for the audit of the year ended June 30, 2009, we make the following observations during the audit of the year ended June 30, 2010.

- Finding 2009-1: Credit Card Payments – Resolved
- Finding 2009-2: Time Sheet Documentation – Resolved

Should you have any other questions, please call or email me.

Sincerely,

  
Sara M. Downing, CPA



### Corrective action plan

Legislative Auditor  
State of Louisiana  
PO Box 94397  
Baton Rouge, I.A 70804-9397

Based on the findings from our audit of our financial statements for the year ended June 30, 2010, we have agreed to make the following changes in our accounting practices:

#### Old Outstanding Operating Checks:

We have asked our accounting service firm, The Levy Company, to provide us with a list of outstanding checks over six months old at year end. We will review these outstanding checks and determine if the original should be voided and a replacement check should be written or if the original should simply be voided and no replacement check written. We will provide written instructions to the accounting firm on what to do with each check.

#### Old Outstanding Payroll Checks:

We have asked our accounting service firm, The Levy Company, to provide us with a list of outstanding payroll checks over one year old. For outstanding checks with current employees, we will follow up with the employee and void the original and issue a replacement check. For former employees we will void these checks and write a check to the State of Louisiana unclaimed property division and submit with the name and other required information so the funds can be held for future claim by the original payee. We will review checks and issue funds once a year.

Please review the above policies and inform us if they are sufficient corrective action. Thank you for your assistance in this matter.

Sincerely,

Dujan Johnson  
Executive Director

Community School for Apprenticeship Learning, 1555 Madison Avenue, Baton Rouge, I.A 70802

Phone (225)336-1410/Fax (225)336-1414