

AKILI ACADEMY OF NEW ORLEANS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 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 2/3/10

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Akili Academy of New Orleans
New Orleans, Louisiana

We have audited the accompanying Statement of Financial Position of Akili Academy of New Orleans (the School), and the related Statements of Activity and Cash Flows as of and for the year ended June 30, 2009 and the Statement of Functional Expenses for the year ended June 30, 2009. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions 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 Akili Academy of New Orleans as of June 30, 2009, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated December 1, 2009 on our consideration of Akili Academy of New Orleans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

December 1, 2009



Certified Public Accountants

AKILI ACADEMY OF NEW ORLEANS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 74,354
Other receivables	57,346
Prepaid expenses	<u>15,516</u>
 Total current assets	 <u>147,216</u>
 Total assets	 <u><u>\$ 147,216</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 102,739
Accrued expenses	<u>13,346</u>
 Total current liabilities	 <u>116,085</u>
 Total liabilities	 <u>116,085</u>

NET ASSETS:

Unrestricted	<u>31,131</u>
 Total net assets	 <u>31,131</u>
 Total liabilities and net assets	 <u><u>\$ 147,216</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

AKILI ACADEMY OF NEW ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

UNRESTRICTED NET ASSETS:**Public Support Revenues and Other Support**

Local per pupil aid	\$ 478,398
Federal sources	338,997
State public school funds	345,627
Donations and contributions	17,571
Other local sources	1,782
Other state funds	<u>14,125</u>
 Total public support and other revenues	 <u>1,196,500</u>

Expenses:

Program services:	
Instructional	756,621
Supporting services:	
Management and general	<u>624,684</u>
 Total expenses	 <u>1,381,305</u>
 Decrease in unrestricted net assets	 (184,805)
 Change in net assets	 (184,805)
 Beginning net assets	 <u>215,936</u>
 Ending net assets	 <u>\$ 31,131</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

AKILI ACADEMY OF NEW ORLEANS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>	
(Decrease) in net assets	\$ (184,805)
Adjustments to reconcile change in net assets to cash from operating activities:	
(Increase) decrease in:	
Other receivables	(57,346)
Prepaid expenses	(15,516)
Increase (decrease) in:	
Accounts payable	93,869
Accrued expenses	<u>13,346</u>
Net cash (used for) operating activities	<u>(150,452)</u>
Net decrease in cash and cash equivalents	(150,452)
Total cash and cash equivalents, beginning of year	<u>224,806</u>
Cash and cash equivalents, end of year	<u><u>\$ 74,354</u></u>

See accompanying NOTES TO FINANCIAL STATEMENTS

AKILI ACADEMY OF NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Instructional</u>	<u>Management And General</u>	<u>Total</u>
Regular education programs	\$ 576,126	\$ -	\$ 576,126
School administration	-	229,866	229,866
Operation and maintenance of plant services	-	79,911	79,911
Special education programs	145,729	-	145,729
Food services	-	19,797	19,797
Business services	-	81,899	81,899
Student transportation	-	164,678	164,678
Central services	-	29,501	29,501
Instructional staff services	34,766	-	34,766
General administration	-	8,239	8,239
Other support services	-	10,793	10,793
	<u>\$ 756,621</u>	<u>\$ 624,684</u>	<u>\$ 1,381,305</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

AKILI ACADEMY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Akili Academy of New Orleans (the School) is a Louisiana not-for-profit organization incorporated in 2007 for the purpose of operating a charter school in New Orleans, Louisiana. The School was created to inform and educate citizens of Louisiana on how school choice initiatives can improve primary education in Louisiana.

The Louisiana Board of Elementary and Secondary Education (BESE) approved the granting of a charter to the School for an initial term of three years. The charter will terminate on June 30, 2011, unless BESE grants the Charter Operator a two year extension of the Charter School Contract to operate a Type 5 Charter School in the Louisiana Recovery School District, as defined in LA R.S.17:3992 and 3998. Upon completion of the charter school's fifth year of operation, the Charter Contract may be renewed at the discretion of BESE pursuant to applicable provisions of Title 17, Chapter 42, of the Louisiana Revised Statutes and BESE policy.

Basis of Accounting

The School prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standard Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

AKILI ACADEMY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

Land, Buildings, Equipment and Improvements

Acquisitions of buildings, equipment, and improvements in excess of \$5,000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Buildings, equipment, and improvements are stated at cost less accumulated depreciation. Depreciation is being provided by use of the straight-line method over the estimated useful lives of the related assets as follows: building improvements, 5 years; equipment, 3-7 years.

Donated Equipment and Services

Donated equipment is reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. The School receives a substantial amount of donated services from unpaid volunteers who assist in carrying out the School's instructions and fundraising activities. No amounts have been reflected in the statements for donated services because they did not meet the criteria for recognition under generally accepted accounting principles.

Income Taxes

The School is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

AKILI ACADEMY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management.

Subsequent Events

Subsequent events have been evaluated through December 1, 2009, which is the date the financial statements were available to be issued.

(2) OTHER RECEIVABLES

At June 30, 2009, the School had the following receivables:

<u>Louisiana Department of Education:</u>	
Title I	\$ 22,479
PCSP	<u>34,867</u>
	<u>\$ 57,346</u>

(3) OPERATING LEASES

The School has an operating lease for the use of two copy machines. The monthly rental payment is \$563 and the minimum lease obligation expires December 2012.

Minimum lease payments under operating leases at June 30, 2009 are as follows:

<u>Years Ending</u> <u>June 30,</u>	
2010	\$ 6,756
2011	6,756
2012	6,756
2013	<u>2,815</u>
	<u>\$ 23,083</u>

Rent paid during the year ended June 30, 2009 totaled \$3,941.

AKILI ACADEMY OF NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

(4) CONCENTRATIONS OF CREDIT RISK

The School maintains its deposits in one financial institution. Accounts at this institution are insured by the U.S. Federal Deposit Insurance Corporation up to \$250,000 per account. The balances at times may exceed federally insured limits. At June 30, 2009, the cash balance did not exceed the insured amount.

(5) SCHOOL OPERATIONS/LEASEHOLD INTEREST

The School entered into an agreement with the State of Louisiana, Department of Education, Recovery School District, which allows the School to use the facilities and its contents located at 1700 Pratt Drive, New Orleans, Louisiana 70122. The agreement expires on June 30, 2011. The agreement may be extended for two additional years at the option of the State of Louisiana, Department of Education, Recovery School District. The agreement may be renewed at the discretion of BESE.

Alterations made by the School shall not diminish the value of the property at the time the alterations are approved, unless agreed upon by the State of Louisiana, Department of Education, Recovery School District and the School. Any physical additions or improvements to the property will become property of the State of Louisiana, Department of Education, Recovery School District. The State of Louisiana, Department of Education, Recovery School District may require, at the expense of the School, removal of these physical additions or improvements.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules.

Use of the property is not recorded as an in-kind contribution from the State of Louisiana, Department of Education, Recovery School District, and related rent expense. The value of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

(6) COMMITMENTS

The School has employment contracts, as are standard in the field of education, with most of its employees. The contracts for the current year expired June 30, 2009. All contracts provide for a minimum annual salary and other benefits.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Akili Academy of New Orleans
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by Akili Academy of New Orleans and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. The School System is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - a. Total General Fund Instructional Expenditures,
 - b. Total General Fund Equipment Expenditures,
 - c. Total Local Taxation Revenue,
 - d. Total Local Earnings on Investment in Real Property,
 - e. Total State Revenue in Lieu of Taxes,
 - f. Nonpublic Textbook Revenue,
 - g. Nonpublic Transportation Revenue.

Board of Directors
Akili Academy of New Orleans
December 1, 2009

Educational Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to the school board supporting payroll records as of October 1, 2008.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced the entire population to the individual's personnel files and determined if the individual's education level was properly classified on the schedule.

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 Education Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

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, 2008 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.

Public Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced all 8 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and the full-time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Board of Directors
Akili Academy of New Orleans
December 1, 2009

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We traced a random sample of 4 classes to the October 1, 2008 roll books for those classes and determined that the class was properly classified on the schedule.

No exceptions were found as a result of applying the above procedures.

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 information and use of management of Akili Academy of New Orleans, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended and to be 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.

December 1, 2009



Certified Public Accountants

AKILI ACADEMY OF NEW ORLEANS
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2009
AS OF OCTOBER 1, 2008

GENERAL FUND INSTRUCTIONAL AND EQUIPMENT
EXPENDITURES

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom teacher salaries	\$	64,487	
Other instructional staff activities		-	
Employee benefits		92,545	
Purchased professional and technical services		73,447	
Instructional materials and supplies		141,962	
Instructional equipment		-	
		<hr/>	
Total teacher and student interaction activities	\$		372,441
Other instructional activities			36,666
Pupil support activities		195,266	
Less: Equipment for pupil support activities		-	
		<hr/>	
Net pupil support activities			195,266
Instructional staff services		8,517	
Less: Equipment for instructional staff services		-	
		<hr/>	
Net instructional staff services			8,517
School Administration		429,418	
Less: Equipment for school administration		-	
		<hr/>	
Net school administration			429,418
Total general fund instructional expenditures			<u>\$ 1,042,308</u>
Total general fund equipment expenditures	\$		<u>-</u>

CERTAIN LOCAL REVENUE SOURCES

Note: Akili Academy of New Orleans receives local revenues from the Orleans Parish School Board, which is passed through the Recovery School District. Akili does not receive a detailed schedule of the source of these revenues. This section is not applicable to charter schools under the Recovery School District.

AKILI ACADEMY OF NEW ORLEANS
SCHEDULE OF EDUCATION LEVELS OF PUBLIC SCHOOL STAFF
FOR THE YEAR ENDED JUNE 30, 2009
AS OF OCTOBER 1, 2008

<u>CATEGORY:</u>	<u>Full Time Classroom Teachers</u>				<u>Principals and Assistant Principals</u>			
	<u>Certificated</u>		<u>Uncertificated</u>		<u>Certificated</u>		<u>Uncertificated</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	8	100%	-	-	-	-	-	-
Master's Degree	-	-	-	-	-	-	2	100%
Master's Degree + 30	-	-	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
PhD or EdD	-	-	-	-	-	-	-	-
Total	8	100%	-	-	-	-	2	100%

AKILI ACADEMY OF NEW ORLEANS
SCHEDULE OF NUMBER AND TYPE OF PUBLIC SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2009
AS OF OCTOBER 1, 2008

<u>TYPE:</u>	<u>NUMBER</u>
Elementary	1
Middle / Jr. High	-
Secondary	-
Combination	-
	<hr/>
Total	<u>1</u>

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

AKILI ACADEMY OF NEW ORLEANS
SCHEDULE OF EXPERIENCE OF PUBLIC PRINCIPALS, ASSISTANT PRINCIPALS
AND FULL TIME CLASSROOM TEACHERS
FOR THE YEAR ENDED JUNE 30, 2009
AS OF OCTOBER 1, 2008

	<u>0-1</u> <u>Years</u>	<u>2-3</u> <u>Years</u>	<u>4-10</u> <u>Years</u>	<u>11-14</u> <u>Years</u>	<u>15-19</u> <u>Years</u>	<u>20-24</u> <u>Years</u>	<u>25+</u> <u>Years</u>	<u>Total</u>
Assistant Principals	1	-	-	-	-	-	-	1
Principals	-	1	-	-	-	-	-	1
Classroom Teachers	5	2	1	-	-	-	-	8
Total	<u>6</u>	<u>3</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>

AKILI ACADEMY OF NEW ORLEANS
SCHEDULE OF PUBLIC SCHOOL STAFF DATA
FOR THE YEAR ENDED JUNE 30, 2009
AS OF OCTOBER 1, 2008

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees and Flagged Salary Reductions
Average classroom teachers salary including extra compensation	\$ 43,875	\$ 43,875
Average classroom teachers salary excluding extra compensation	\$ 43,875	\$ 43,875
Number of teacher full-time equivalents (FTE's) used in computation of average	8	8

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

AKILI ACADEMY OF NEW ORLEANS
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2009
AS OF OCTOBER 1, 2008

	CLASS SIZE RANGE							
	1-20		21-26		27-33		34+	
SCHOOL TYPE:	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	100%	4*	-	-
Elementary/Activity Classes	-	-	-	-	-	-	-	-
Middle / Jr. High	-	-	-	-	-	-	-	-
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.

* Each class contains 2 full time teachers.

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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
Akili Academy of New Orleans

We have audited the financial statements of Akili Academy of New Orleans (the School) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 1, 2009. 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 School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as 2009-1 and 2009-2 to be significant deficiencies in internal control over financial reporting.

ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors
Akili Academy of New Orleans
December 1, 2009

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of the internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2009-2 to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the School, in a separate letter dated December 1, 2009.

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

This report is intended for the information and use of management, the Board of Directors, others within the entity, 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 those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 1, 2009


Certified Public Accountants

AKILI ACADEMY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009

We have audited the financial statements of Akili Academy of New Orleans as of and for the year ended June 30, 2009, and have issued our report thereon dated December 1, 2009. 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. Our audit of the financial statements as of June 30, 2009 resulted in an unqualified opinion.

SECTION I SUMMARY OF AUDITORS' REPORTS

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes ___ No

Significant Deficiencies Yes ___ No

Compliance

Non-Compliance Material to Financial Statements ___ Yes No

b. Federal Awards **Not Applicable**

Internal Control

Material Weaknesses ___ Yes ___ No

Significant Deficiencies ___ Yes ___ No

Type of Opinion on Compliance Unqualified ___ Qualified ___
for Major Programs Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? ___ Yes ___ No

c. Identification of Major Programs: **Not Applicable**

CFDA Number(s)	Name of Federal Program (or Cluster)

AKILI ACADEMY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

Dollar threshold used to distinguish Type A and Type B Programs \$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

Yes No **Not Applicable**

SECTION II FINANCIAL STATEMENT FINDINGS

Significant Deficiencies

2009-1 Segregation of Duties for Disbursements

Criteria: A good system of internal control provides for proper segregation of the accounting functions. Proper segregation is not always possible in small organizations, but limited segregation should be implemented to reduce the risks of errors or fraud.

Condition: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties consistent with appropriate control objectives regarding cash disbursements. The signed checks are returned to the individual responsible for creating the checks.

Effect: Intentional or unintentional errors could be made and not be detected.

Cause: The Academy is small and therefore it is not feasible to maintain an adequate segregation of duties among accounting personnel.

Recommendation: After the checks have been signed, the check signer or someone not involved in the check process should mail out the checks.

Management's Response: Management agrees with the recommendation and will determine who will mail out the signed checks.

Material Weaknesses

2009-2 Segregation of Duties for Receipts

Criteria: A good system of internal control provides for proper segregation of the accounting functions. Proper segregation is not always possible in small organizations, but limited segregation should be implemented to reduce the risks of errors or fraud.

Condition: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties consistent with appropriate control objectives regarding cash receipts. The Director of Finance and Operations prepares the deposit slip, posts receipts to the general ledger, and makes the deposits.

AKILI ACADEMY OF NEW ORLEANS
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

2009-2 Segregation of Duties for Receipts (continued)

Effect: Intentional or unintentional errors could be made and not be detected.

Cause: The Academy is small and therefore it is not feasible to maintain an adequate segregation of duties among accounting personnel.

Recommendation: The Academy should have someone independent of the general ledger prepare the deposit slip and make the deposit.

Management's Response: Management agrees with the recommendation and will determine who will prepare the deposit slip and make the deposit.

ERICKSEN KRENTEL & LA PORTE L.L.P.

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*LIMITED LIABILITY COMPANY
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J.V. LECLERE KRENTEL - RETIRED

MANAGEMENT LETTER

December 1, 2009

To the Board of Directors
Akili Academy of New Orleans

In planning and performing our audit of the financial statements of Akili Academy of New Orleans (the School) for the year ended June 30, 2009, we considered the School's internal control structure as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 1, 2009, on the financial statements of the School.

The following items were noted:

2009-3 Bank Reconciliations

Bank reconciliations are being prepared and reviewed regularly; however, the preparer and reviewer of the reconciliation is not documented. We recommend that all reconciliations be signed or initialed and dated by the preparer and the reviewer.

Management has implemented the above recommendation.

2009-4 Use of Debit and Credit Cards

During our audit we noted that there were several purchases made with a debit card or credit card. Using a debit or credit card creates a risk of making a purchase that has not been properly approved. We recommend that the Board review and approve debit or credit card purchases monthly.

Management has implemented the above recommendation.

This communication is intended solely for the information and use of the management, Board of Directors, and others within the School and should not be used by anyone other than these specified parties.



Certified Public Accountants