

FRIENDS OF KING SCHOOL
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
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 3/17/10

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Friends of King School

We have audited the accompanying statement of financial position of the **Friends of King School (the School)** (a not-for-profit corporation) as of June 30, 2009 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 School**. 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 School** as of June 30, 2009 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
Friends of King School
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In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2010 on our consideration of the School'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 School 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. 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

March 8, 2010



FRIENDS OF KING SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

Cash	\$ 693,313
Cash - restricted	<u>57,006</u>
Sub-total	750,319
Grants receivable	1,394,335
Equipment, net (NOTE 2)	<u>114,628</u>
Total assets	<u>\$2,259,282</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 145,581
Accrued liabilities	70,565
Deferred revenues	32,335
Due to student groups	57,006
Note payable (NOTE 9)	<u>200,000</u>
Total liabilities	<u>505,487</u>
Net assets:	
Unrestricted (NOTE 1)	<u>1,753,795</u>
Total net assets	<u>1,753,795</u>
Total liabilities and net assets	<u>\$2,259,282</u>

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

FRIENDS OF KING SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

REVENUES

Local Sources:

Per pupil aid - MFP (NOTE 1)	\$2,321,299
Contributions	124,589
Other	<u>65,137</u>

Total revenues from local sources 2,511,025

State Sources:

Per pupil aid - MFP (NOTE 1)	1,637,189
Grants (NOTE 10)	<u>622,023</u>

Total revenues from state sources 2,259,212

Federal sources (SCHEDULE I) 1,687,536

Total revenues 6,457,773

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

(CONTINUED)

FRIENDS OF KING SCHOOL
STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

EXPENSES

Instruction:	
Regular	\$3,437,356
Special	<u>378,899</u>
Sub-total	<u>3,816,255</u>
Support Services:	
Pupil	340,994
Instructional staff	101,342
General administration	84,573
School administration	400,606
Business services	102,672
Operation and maintenance of plant	755,367
Food service	410,231
Depreciation	<u>10,011</u>
Sub-total	<u>2,205,796</u>
Total expenses	<u>6,022,051</u>
Change in net assets	435,722
Unrestricted net assets, beginning of year	<u>1,318,073</u>
Unrestricted net assets, end of year	<u>\$1,753,795</u>

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

FRIENDS OF KING SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 435,722
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Write-off of fixed assets	48,696
Depreciation expense	10,011
Increase in grants receivable	(153,896)
Decrease in prepaid expenses	7,734
Decrease in other assets	3,312
Increase in accrued liabilities	46,578
Increase in due to students groups	3,705
Increase in accounts payable	(142,014)
Increase in deferred revenues	<u>32,335</u>
Net cash provided by operating activities	<u>292,183</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	<u>(98,647)</u>
Net cash used in investing activities	<u>(98,647)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from note payable	<u>200,000</u>
Net cash provided by financing activities	<u>200,000</u>

Increase in cash	393,536
Cash, beginning of year	<u>356,783</u>
Cash, end of year	<u>\$ 750,319</u>

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

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS

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

General

The **Friends of King School (the School)** was granted a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2005 to operate a Type 5 public charter school d/b/a Dr. Martin Luther King Jr., Charter School for Science and Technology.

The School 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 mission of **the School** is to create and maintain an orderly, trusting environment where teaching and learning are innovative and exciting; where students are taught to read, write, compute, and think critically according to their fullest potential.

During the 2009 school year, **the School** served pre-kindergarten through ninth grades.

Basis of Accounting

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

FRIENDS OF KING SCHOOL
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 items with a cost of \$5,000 or more are recorded as assets (capitalized) and are 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 the 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 School. Funds received for specific purposes but not yet expended are recorded as deferred revenue.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

FRIENDS OF KING SCHOOL
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. **The School** had no cash equivalents at June 30, 2009.

Income Taxes

The School has applied for tax exempt status under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes was made in the accompanying financial statements while the tax exempt status is pending.

Financial Statement Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations", **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, 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 School**.

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

FRIENDS OF KING SCHOOL
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 School**. Generally, the donors of these assets permit **the School** to use all or part of the income derived from the investment of these contributions.

At June 30, 2009, **the School** 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 School** 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 re-classified to unrestricted net assets.

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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

Minimum Foundation Program (MFP)

The School, as a Type 5 charter school, received funding from BESE in an amount for pupils based on estimated daily attendance at **the School**. 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.

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, 2009:

Equipment	\$127,070
Less accumulated depreciation	<u>(12,442)</u>
Equipment, net	<u>\$114,628</u>

Depreciation charged to operations at June 30, 2009, was \$10,011.

During the June 30, 2009 fiscal year, **the School's** capitalization threshold policy increased from \$1,000 to \$5,000. As such, certain capital assets were written off in the amount of \$48,696, as a result of the capitalization policy change.

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Risk Management:

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

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 School maintains a non-interest bearing account and a low-interest bearing account at a local bank. The FDIC provides unlimited deposit insurance coverage on these accounts through its Temporary Transaction Account Guarantee Program. This unlimited insurance coverage is temporary and will remain in effect through June 30, 2010. At June 30, 2009, **the School's** deposits were fully insured.

NOTE 5 - Contingency:

The School is a recipient of federal and state grants. The grants are governed by various Federal and State guidelines, regulations, and contractual agreements.

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

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Retirement Plan:

Substantially all employees of the **School** participate in the Teacher's Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P. O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute to the plan 8% of their annual covered payroll and the **School** is required to contribute 15.8% of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the year ended June 30, 2009, the **School's** contributions to this plan totaled \$431,152.

NOTE 7 - In-Kind Contributions:

The **School** received rent-free use of a school building from the Recovery School District (RSD) and also the use of furniture and equipment rent-free. The estimated value of the use of the building and furniture/equipment was not readily determinable and no amounts have been recorded in the accompanying financial statements.

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Board of Directors' Compensation:

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2009.

NOTE 9 - Note Payable:

At June 30, 2009, the School had a line-of-credit of \$300,000 with a bank to draw as needed at variable interest rates. The line-of-credit is secured by the property of the School. At June 30, 2009, the balance of advances on the line-of-credit was \$200,000.

NOTE 10 - State Grant Revenues:

For the year ended June 30, 2009, state grant revenues consisted of the following:

Professional Improvement Program	\$ 9,320
Certified Social Workers	4,476
K-3 Reading and Math	16,523
LEAP	11,707
LA 4	425,951
8(g)	41,211
Ensuring Literacy	<u>112,835</u>
	<u>\$622,023</u>

SUPPLEMENTARY INFORMATION

SCHEDULE I

**FRIENDS OF KING SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

	FEDERAL CFDA <u>NUMBER</u>	FEDERAL <u>EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION:		
Passed through State Department of Education:		
IASA Title I	84.010	\$ 792,289
IASA Title II	84.367	100,888
IASA Title V	84.186	873
IDEA P.L. 101-476	84.027	89,300
Hurricane Education Recovery Act - HEAP	84.938K	4,601
Hurricane Katrina Foreign Contributions	84.940C	98,198
Public Charter Schools Program	84.282	<u>234,466</u>
Total U.S. Department of Education		<u>1,320,615</u>
U.S. DEPARTMENT OF AGRICULTURAL:		
Passed through State Department of Education:		
School Lunch Program	10.555	<u>366,921</u>
Total U.S. Department of Education		<u>1,687,536</u>
Total Expenditures of Federal Awards		<u>\$1,687,536</u>

NOTE: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School 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 the Independent Auditors' Report on Supplementary Information.



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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
Friends of King School

We have audited the financial statements of the **Friends of King School (the School)**, (a not-for-profit corporation) as of and for the year ended June 30, 2009, and have issued our report thereon dated March 8, 2010. 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 necessary 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 and material weaknesses.

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 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 questioned costs as items 09-01 and 09-02 to be a significant deficiencies in internal control over financial reporting.

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

Our consideration of the 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 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. We consider the significant deficiencies described above to be material weaknesses.

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 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 March 8, 2010.

The School's responses to the findings identified in our audit are described in a separate correction action plan.

This report is intended solely for the information and use of management, the **Friends of King School's** Board of Directors, the Louisiana Recovery 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 LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 8, 2010



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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
Friends of King School

Compliance

We have audited the compliance of the **Friends of King School (the School)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. **The School's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **the School's** management. Our responsibility is to express an opinion on **the School's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the

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)

types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the School's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **the School's** compliance with those requirements.

In our opinion, **the School** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of **the School** 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 School'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 School'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)

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 School's** internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and material weaknesses.

A control deficiency in **the School'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 School'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 School's** internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-03 through 09-05 to be significant deficiencies.

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 School's** internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 09-04 and 09-05 to be material weaknesses.

The School's responses to the findings and questioned costs identified in our audit are described in a separate corrective action plan.

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, the **Friends of King School's** Board of Directors, the Louisiana Recovery 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 LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

March 8, 2010

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

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: **yes** Material weakness: **yes.**
- 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: **unqualified opinion.**
- F. Any audit findings which are required to be reportable under Section 510(a) of OMB Circular A-133: **yes.**
- G. Major programs:

<u>CFDA Number</u>	<u>Program</u>
84.010	IASA Title 1
84.282	Public Charter Schools Program
10.555	School Lunch Program

- 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.**

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

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

09-01 - Reconciliation Procedures

Criteria

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

Condition

We noted during our audit that the quarterly 941 tax returns were not reconciled by **the School** at anytime during the fiscal year to the salaries and related payroll tax expense recorded in the general ledger. Also, we noted that **the School** did not perform a reconciliation, monthly or at year-end, of the amounts recorded in the general ledger relating to the retirement contribution transactions and amounts shown on Teachers' Retirement System reports, which were accumulated from information submitted to the system from **the School**. During our fieldwork, **the School** did reconcile, to an acceptable materiality level, the above unreconciled accounting records.

Effect

Accounts in the general ledger related to payroll and retirement contributions could potentially be misstated without control procedures to reconcile these accounts.

Cause

The School lacks control procedures necessary to timely reconcile payroll costs and retirement contributions per general ledger to the quarterly 941 tax returns and retirement contribution monthly reports.

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

**SECTION II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards
(Continued)**

09-01 - Reconciliation Procedures, Continued

Recommendation

We recommend that the **School** reconcile the amounts of payroll costs reported in general ledger to the 941 tax returns to provide an internal control measure that can detect if and when an error has occurred in the posting of salaries and related transactions, as well as to determine the accuracy of information accumulated by the **School's** payroll service in filing its State and Federal returns. Also, a reconciliation process should be established to determine the reliability of information submitted the Teachers' Retirement System and amounts recorded to the general ledger relating to retirement contributions.

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards
(Continued)

09-02 - Submission of Audit Report

Criteria

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 Auditor 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.

Condition

The June 30, 2009 audited financial statements were not submitted to the Legislative Auditor by the statutory due date of December 31, 2009. The Legislative Auditor had approved an extension of time for the School to file its annual June 30, 2009 financial report by no later February 28, 2010. The School was granted this extension for circumstances other than a natural disaster.

Effect

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.

Cause

The School's financial statements were not completed until December 2009.

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SECTION II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards
(Continued)

09-02 - Submission of Audit Report, Continued

Recommendation

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

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SECTION III - Findings and Questioned Costs Related to Federal Awards

09-03 - Cost and Price Analysis
CFDA 10.555 School Lunch Program

Criteria

2 CFR Section 215.45 states-

“Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotation submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability”.

Condition

We noted during our audit that a cost or price analysis was not documented in the procurement files in connection with the awarding of a vendor contract that provided food supplies to the School.

Questioned Costs

None.

Effect

Procurement of goods and services were not made in compliance with federal regulations

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SECTION III - Findings and Questioned Costs Related to Federal Awards,
Continued

09-03 - **Cost and Price Analysis, Continued**
CFDA 10.555 School Lunch Program

Cause

Inadequate procedures to ensure procurement regulations were complied with.

Recommendation

We recommend that **the School** take the necessary steps to ensure that some form of a cost or price analysis is made and documented in the procurement files in connection with every procurement action.

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SECTION III - Findings and Questioned Costs Related to Federal Awards,
Continued

09-04 - Duplicate Expense Reimbursement
CFDA 84.010 -- Title I

Criteria

Title I Federal funds are passed through the Louisiana Department of Education (LDOE). As such, subrecipients of Federal funds are required to follow the guidance included in LDOE's "Grants Management Quick Reference" guide for requests for funds which states in part:

"Each recipient may request only actual expenditures for which he/she has issued a check for payment. Salaries and fringe benefits are the only exception of this policy. Due to the processing time incurred between the mailing of the claim for reimbursement and the actual receipt of funds from the LDOE, a recipient may estimate and request payroll costs one month in advance. However, on final determination of actual payroll costs, when an estimate of payroll is in excess of actual expenditures, the excess cash must be reported on the next claim for reimbursement. The amount of funds requested on the next claim for reimbursement must be reduced by the amount of the excess cash".

Condition

The School claimed and received reimbursement for the same expense twice. The amount of the duplicate expense reimbursement was \$26,505.

Questioned Costs

\$26,505.

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SECTION III - Findings and Questioned Costs Related to Federal Awards,
Continued

09-04 - Duplicate Expense Reimbursement, Continued
CFDA 84.010 Title I

Effect

The School received excess reimbursement for the amount of the duplicate grant expense reimbursement.

Cause

The School lacked adequate internal control procedures to detect or prevent duplicate expense reimbursement claims.

Recommendation

We recommend **the School** establish and immediately implement internal control procedures to detect and/or prevent **the School** from making duplicate expense reimbursement claims.

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SECTION III - Findings and Questioned Costs Related to Federal Awards,
Continued

09-5 - Duplicate Expense Reimbursement
CFDA 84.282 Public Charter Schools Program

Criteria

Public Charter Schools Program (PCSP) Federal funds are passed through the Louisiana Department of Education (LDOE). As such, subrecipients of Federal funds are required to follow the guidance included in LDOE's "Grants Management Quick Reference" guide for requests for funds which states in part:

"Each recipient may request only actual expenditures for which he/she has issued a check for payment. Salaries and fringe benefits are the only exception of this policy. Due to the processing time incurred between the mailing of the claim for reimbursement and the actual receipt of funds from the LDOE, a recipient may estimate and request payroll costs one month in advance. However, on final determination of actual payroll costs, when an estimate of payroll is in excess of actual expenditures, the excess cash must be reported on the next claim for reimbursement. The amount of funds requested on the next claim for reimbursement must be reduced by the amount of the excess cash".

Condition

The School claimed and received reimbursement for the same expense twice. The amount of the duplicate expense reimbursement was \$5,830.

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

SECTION III - Findings and Questioned Costs Related to Federal Awards,
Continued

09-5 - Duplicate Expense Reimbursement, Continued
CFDA 84.282 Public Charter Schools Program

Questioned Costs

\$5,830.

Effect

The School received excess reimbursement for the amount of the duplicate grant expense reimbursement.

Cause

The School lacked adequate internal control procedures to detect or prevent duplicate expense reimbursement claims.

Recommendation

We recommend **the School** establish and immediately implement internal control procedures to detect and/or prevent **the School** from making duplicate expense reimbursement claims.

**FRIENDS OF KING SCHOOL
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

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

08-01 - Accrual Basis Monthly and Year End Financial Statements

We recommended that the financial statements be prepared each month and at year end on an accrual basis reflecting outstanding grant reimbursement request from all funding sources and vendor payables. We also recommended that the monthly financial statements be prepared within thirty (30) days following the month end and the year end financials be prepared within sixty (60) days of year end and in each instance be discussed with the Finance Committee and Board of Directors. The minutes of the Finance Committee and Board of Directors meetings should reflect an indication of such discussion.

Current Status

Unresolved. See management letter comment 09-02 in a separate report, dated March 8, 2010.

**Section II - INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO FEDERAL AWARDS**

08-02 - Unallowed Costs

CFDA 93.558 LA 4 Program

We recommended that the School establish procedures to ensure that LA 4 Program grant expenses are requested for only allowable program grant expenses.

Current Status

Resolved.

FRIENDS OF KING SCHOOL
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2009

Section II - INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO FEDERAL AWARDS
(CONTINUED)

08-03 - Unallowed Costs, Continued

CFDA 84.010 Title I

We recommended **the School** establish procedures to ensure that Title I grant expenses are requested for only allowable program grant expenses that are not in excess of budget categories.

Current Status

Resolved.

Section III - MANAGEMENT LETTER

See status of comments reported to management in a separate letter dated March 8, 2010.



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INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Directors of
Friends of King School

We have audited the financial statements of the **Friends of King School (the School)** for the year ended June 30, 2009 and have issued our report thereon dated March 8, 2010.

In planning and performing our audit of the financial statements of **the School** as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered **the School's** internal control over financial reporting (internal control) 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. Accordingly, we do not express an opinion on the effectiveness of **the School's** internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and recommendations regarding those matters are outlined below. This letter does not affect our report dated March 8, 2010, on the financial statements of **the School**.

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

**FRIENDS OF KING SCHOOL
CURRENT YEAR COMMENTS**

The following summarizes the current year comments:

09 - 01 Utilization of Budgets

As part of applying for grants, **the School** prepares budgets for each awarded grant. Additionally, **the School** prepares entity-wide quarterly budgets in a format required by the Department of Education. These budgets are not incorporated in the combined and combining financial statements submitted monthly to the Board of Directors. Budgets are a useful tool for planning, controlling and monitoring **the School's** operations.

Recommendation

We continue to recommend that the use of budgets be formalized as a recurring part of **the School's** system of monthly financial accounting, reporting and monitoring of **the School's** operations.

09 - 02 Monthly and Year End Financial Statements

Although financial statements are presented to the Board of Directors monthly, these statements are still not completely accurate or reliable. Also, grant reimbursement requests for the 2009 fiscal year were not timely prepared and submitted to the funding agencies causing the interim financial statements to be inaccurate.

Recommendation

We continue to recommend that the Board of Directors, through the Finance Committee, require management to remit to the Finance Committee reliable accrual basis financial statements within thirty (30) days following the month end. The statements should reflect billings for reimbursement of expenses to grantor agencies that **the School** is entitled to. The financial statements should incorporate the approved budget with a comparison of actual to date and variance. The management of **the School** should focus its efforts to correct the actions that have caused interim financial reports to be unreliable and immediately implement the necessary internal controls that ensures reliable financial reporting.

FRIENDS OF KING SCHOOL
CURRENT YEAR COMMENTS, CONTINUED

09 - 03 Misclassification and Coding of Transactions

We continue to observe an unusually high number of posting and misclassification errors relating to state and federal grant revenues. All accounts in the general ledger should be properly classified in the financial statements.

Recommendation

We recommend that top management, together with the Board of Directors, emphasize that the person responsible for coding transactions exercise a greater level of due care in properly coding transactions posted to the financial records of **the School**. Further, we recommend that a monitoring process be established to ensure that transactions are coded properly prior to being posted to the financial records as well as being timely corrected should an incorrect posting be made.

09 - 04 Disaster Recover Program

As was noted in prior years, **the School** does not have well defined, written and tested disaster recovery procedures for safeguarding financial records, assets and student data. The plan should be adequately defined and efficiently detailed to provide for all safeguards in the event of an emergency situation.

Recommendation

Again, we recommend that a formal Disaster Recovery Program be implemented and that related policies and procedures be developed. Backup of financial operations should be a major consideration.

**FRIENDS OF KING SCHOOL
STATUS OR PRIOR YEAR COMMENTS**

<u>Comment</u>	<u>Resolved</u>	<u>Current Year Finding</u>
08-01 Student Activity of Fund Accounting and Reporting	Yes	--
08-02 Utilization of Budget	No	09-01
08-03 Monthly and Year End Financial Statements	Partially	09-02
08-04 Misclassification and Coding of Transactions	No	09-03
08-05 Consistent Use of Documents Used for Fiscal Affairs	Yes	--
08-06 Stale Check Date Policy	Yes	--
08-07 Disaster Recover Program	No	09-04
08-08 Grant Reimbursement Requested at Year End	Yes	--
08-09 State Tax Withholding	Yes	--

This report is intended solely for the information and use of management, the School's Board of Directors, the Louisiana Recovery 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

March 8, 2010



FRIENDS OF KING SCHOOL
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2009

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

To the Board of Directors
Friends of King School

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the **Friends of King School (the School)** and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data 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. 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.

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, Board of Directors, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

March 8, 2010

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

PROCEDURES AND FINDINGS

Our procedures and findings relate to the accompanying schedules 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 and Full-time Classroom Teachers" (SCHEDULE 4) to the combined total number of full-time classroom teachers per this schedule and to the School's supporting payroll records as of October 1, 2008.

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, 2008 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 did not obtain a list of schools by type as reported on the schedule. Also, we did not compare 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.

This procedure was not applicable because **the School** operates only one charter school, which includes grades Pre-K through 9th.

**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, 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.

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 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, 2008 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 School**.

No differences noted.

Graduation Exit Exam for the 21st Century (SCHEDULE 8)

11. We did not obtain 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 School**.

This procedure was not applicable because **the School** operates only one charter school, which includes grades Pre-K through 9th.

The iLEAP Tests (SCHEDULE 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**.

No differences noted.

FRIENDS OF KING SCHOOL
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA)

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).

FRIENDS OF KING SCHOOL
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA), CONTINUED

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, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

SCHEDULE 8 - The Graduation Exit Exam for the 21st Century

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, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

FRIENDS OF KING SCHOOL
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA), CONTINUED

SCHEDULE 9 - The iLEAP Tests

This schedule represents student performance testing data and includes statewide and district summary scores for grades 3, 5, 6, 7 and 9 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory.

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

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 2,405,558	
Other Instructional Staff Activities	243,195	
Employee Benefits	584,001	
Purchased Professional and Technical Services	82,016	
Instructional Materials and Supplies	285,498	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	\$ 3,600,268	

Other Instructional Activities 215,987

Pupil Support Activities	340,994	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	340,994	

Instructional Staff Services	101,342	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	101,342	

School Administration	400,606	
Less: Equipment for School Administration	-	
Net School Administration	400,606	

Total General Fund Instructional Expenditures \$ 4,659,197

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 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	\$ -

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

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

Education Levels of Public School Staff
As of October 1, 2008

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	38	88%						
Master's Degree	2	5%			1	50%		
Master's Degree +30	3	7%						
Specialist in Education		0%						
Ph.D. or Ed.D.		0%			1	50%		
Total	43	100%			2	100%		

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

Number and Type of Public Schools
For the Year Ended June 30, 2009

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

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

Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2008

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ yrs.	Total
Assistant Principals							1	1
Principals							1	1
Classroom Teachers	3	3	9	4	8	3	13	43
Total	3	3	9	4	8	3	15	45

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

Public School Staff Data
 For the Year Ended June 30, 2009

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 48,522.86	46,102.85
Average Classroom Teachers' Salary Including Extra Compensation	47,237	44,828.95
Number of Teachers' Full-time Equivalents (FTEs) used in Computation of Average Salaries	43	35

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.

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

Class Size Characteristics
As of October 1, 2008

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	34.5%	58	47.0%	79			4.2%	7
Elementary Activity Classes	6.0%	10	7.1%	12	0.6%	1	0.6%	1
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	34.5%	58	47.0%	79			4.2%	7
Combination Activity Classes	6.0%	10	7.1%	12	0.6%	1	0.6%	1

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.

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

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2009

District Achievement Level Results	English Language Arts						Mathematics					
	2009		2008		2007		2009		2008		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	1	2.0%	4	8.0%	0	0.0%	1	1.8%	7	14.0%	1	3.2%
Mastery	22	39.0%	19	38.0%	6	19.4%	14	25.0%	18	36.0%	10	32.3%
Basic	29	52.0%	20	40.0%	20	64.5%	39	69.6%	18	36.0%	13	41.9%
Approaching Basic	4	7.0%	6	12.0%	4	12.9%	2	3.6%	6	12.0%	6	19.4%
Unsatisfactory	0	0.0%	1	2.0%	1	3.2%	0	0.0%	1	2.0%	1	3.2%
Total	56	100.0%	50	100.0%	31	100.0%	56	100.0%	50	100.0%	31	100.0%

District Achievement Level Results	Science						Social Studies					
	2009		2008		2007		2009		2008		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	0	0.0%	0	0.0%	0	0.0%	1	1.8%	1	2.0%	1	3.0%
Mastery	12	21.1%	9	18.0%	6	19.0%	16	28.1%	13	26.0%	4	13.0%
Basic	39	68.4%	37	74.0%	17	55.0%	35	61.4%	32	64.0%	20	65.0%
Approaching Basic	6	10.5%	3	6.0%	8	26.0%	3	5.3%	3	6.0%	6	19.0%
Unsatisfactory	0	0.0%	1	2.0%	0	0.0%	2	3.5%	1	2.0%	0	0.0%
Total	57	100.0%	50	100.0%	31	100.0%	57	100.0%	50	100.0%	31	100.0%

District Achievement Level Results	English Language Arts						Mathematics					
	2009		2008		2007		2009		2008		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	5.0%	1	5.0%
Mastery	1	2.0%	2	10.0%	1	5.0%	0	0.0%	0	0.0%	0	0.0%
Basic	28	61.0%	10	45.0%	13	62.0%	34	73.9%	9	40.0%	12	57.0%
Approaching Basic	17	37.0%	10	45.0%	7	33.0%	12	26.1%	11	50.0%	7	33.0%
Unsatisfactory	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	5.0%	1	5.0%
Total	46	100.0%	22	100.0%	21	100.0%	46	100.0%	22	100.0%	21	100.0%

District Achievement Level Results	Science						Social Studies					
	2009		2008		2007		2009		2008		2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	1	2.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	0	0.0%	1	4.5%	0	0.0%	2	4.3%	3	13.6%	1	4.8%
Basic	16	34.8%	7	31.8%	9	42.9%	27	58.7%	12	54.5%	11	52.4%
Approaching Basic	23	50.0%	11	50.0%	10	47.6%	16	34.8%	7	31.8%	7	33.3%
Unsatisfactory	6	13.0%	3	13.6%	2	9.5%	1	2.2%	0	0.0%	2	9.5%
Total	46	100.0%	22	100.0%	21	100.0%	46	100.0%	22	100.0%	21	100.0%

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

The Graduate Exit Exam for the 21st Century
For the Year Ended June 30, 2009

District Achievement Level Results	English Language Arts						Mathematics					
	2009		2008		2007		2009		2008		2007	
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					
	2009		2008		2007		2009		2008		2007	
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.

The *LEAP* Tests
For the Year Ended June 30, 2009

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	1.6%	4	6.6%	0	0.0%	0	0.0%
Mastery	9	14.8%	9	14.8%	13	21.3%	17	27.9%
Basic	34	55.7%	29	47.5%	30	49.2%	31	50.8%
Approaching Basic	11	18.0%	13	24.6%	14	23.0%	9	14.8%
Unsatisfactory	6	9.8%	4	6.6%	4	6.6%	4	6.6%
Total	61	100.0%	61	100.0%	61	100.0%	61	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	1	2.0%	1	2.0%	1	2.0%	1	2.0%
Mastery	8	16.3%	2	4.1%	1	2.0%	4	8.2%
Basic	26	53.1%	29	59.2%	20	40.8%	28	57.1%
Approaching Basic	10	20.4%	9	18.4%	22	44.9%	14	28.6%
Unsatisfactory	4	8.2%	8	16.3%	5	10.2%	2	4.1%
Total	49	100.0%	49	100.0%	49	100.0%	49	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	7	15.2%	3	6.5%	0	0.0%	1	2.2%
Basic	28	60.9%	23	50.0%	21	45.7%	20	43.5%
Approaching Basic	7	15.2%	10	21.7%	20	43.5%	18	39.1%
Unsatisfactory	4	8.7%	10	21.7%	5	10.9%	7	15.2%
Total	46	100.0%	46	100.0%	46	100.0%	46	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0.0%	1	2.0%	1	2.0%	0	0.0%
Mastery	2	4.0%	0	0.0%	0	0.0%	3	6.0%
Basic	15	30.0%	23	46.0%	11	22.0%	19	38.0%
Approaching Basic	21	42.0%	16	32.0%	27	54.0%	17	34.0%
Unsatisfactory	12	24.0%	10	20.0%	11	22.0%	11	22.0%
Total	50	100.0%	50	100.0%	50	100.0%	50	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 9								
Advanced	0	0.0%	1	3.7%				
Mastery	0	0.0%	0	0.0%				
Basic	12	44.4%	9	33.3%				
Approaching Basic	15	55.6%	10	37.0%				
Unsatisfactory	0	0.0%	7	25.9%				
Total	27	100.0%	27	100.0%				

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

The *iLEAP* Tests
For the Year Ended June 30, 2008

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	1.6%	1	1.6%	1	1.6%	0	0.0%
Mastery	9	14.3%	10	15.9%	4	6.3%	3	4.8%
Basic	31	49.2%	24	38.1%	27	42.9%	41	65.1%
Approaching Basic	13	20.6%	16	25.4%	25	39.7%	14	22.2%
Unsatisfactory	9	14.3%	12	19.0%	6	9.5%	5	7.9%
Total	63	100.0%	63	100.0%	63	100.0%	63	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	3	6.8%	0	0.0%	1	2.3%	4	9.1%
Basic	22	50.0%	22	50.0%	10	22.7%	22	50.0%
Approaching Basic	10	22.7%	6	13.6%	22	50.0%	10	22.7%
Unsatisfactory	9	20.5%	16	36.4%	11	25.0%	8	18.2%
Total	44	100.0%	44	100.0%	44	100.0%	44	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0.0%	1	1.9%	0	0.0%	0	0.0%
Mastery	2	3.8%	1	1.9%	1	1.9%	3	5.8%
Basic	26	50.0%	16	30.8%	20	38.5%	17	32.7%
Approaching Basic	16	30.8%	17	32.7%	31	40.4%	25	48.1%
Unsatisfactory	8	15.4%	17	32.7%	10	19.2%	7	13.5%
Total	52	100.0%	52	100.0%	52	100.0%	52	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	4	10.3%	0	0.0%	2	5.1%	2	5.1%
Basic	17	43.6%	11	47.8%	13	33.3%	17	43.6%
Approaching Basic	13	33.3%	9	39.1%	14	35.9%	14	35.9%
Unsatisfactory	5	12.8%	3	13.0%	10	25.6%	6	15.4%
Total	39	100.0%	23	100.0%	39	100.0%	39	100.0%

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

The iLEAP Tests
For the Year Ended June 30, 2008

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	2	4.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	5	10.0%	6	12.0%	11	22.0%	9	18.0%
Basic	24	48.0%	24	48.0%	32	64.0%	28	56.0%
Approaching Basic	11	22.0%	15	30.0%	6	12.0%	11	22.0%
Unsatisfactory	8	16.0%	5	10.0%	1	2.0%	2	4.0%
Total	50	100.0%	50	100.0%	50	100.0%	50	100.0%

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	0.0%	0	0.0%
Mastery	4	9.3%	1	2.3%	1	2.3%	1	2.3%
Basic	8	18.6%	10	23.3%	10	22.7%	9	20.9%
Approaching Basic	12	27.9%	7	16.3%	22	50.0%	18	41.9%
Unsatisfactory	19	44.2%	25	58.1%	11	25.0%	15	34.9%
Total	43	100.0%	43	100.0%	44	100.0%	43	100.0%

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	0	0.0%	1	1.9%	0	0.0%	0	0.0%
Mastery	1	2.9%	1	1.9%	1	1.9%	0	0.0%
Basic	18	51.4%	16	30.8%	20	38.5%	9	26.5%
Approaching Basic	10	28.6%	17	32.7%	21	40.4%	12	35.3%
Unsatisfactory	6	17.1%	17	32.7%	10	19.2%	13	38.2%
Total	35	100.0%	52	100.0%	52	100.0%	34	100.0%

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	0.0%	0	0.0%	0	0.0%
Mastery	0	0.0%	1	4.3%	0	0.0%	0	0.0%
Basic	11	47.8%	6	26.1%	5	21.7%	4	17.4%
Approaching Basic	9	39.1%	12	52.2%	12	52.2%	9	39.1%
Unsatisfactory	3	13.0%	4	17.4%	6	26.1%	10	43.5%
Total	23	100.0%	23	100.0%	23	100.0%	23	100.0%

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



Dr. Martin Luther King, Jr. Charter School for Science and Technology

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FRIENDS OF KING SCHOOL Audit Finding Responses 6/30/2009

The Staff and Board of Dr Martin Luther King, Jr. Charter School for Science and Technology would like to thank Bruno & Tervalon, LLP, CPA's for conducting our 2008-2009 audit.

2009-01 - Reconciliation Procedure

Contracted Accountant will immediately implement the auditor's recommendation into their monthly accounting processes.

2009-02 - Submission of Audit Report

Management will ensure the timely compliance of submission of all future audits.

2009-03 - Cost & Price Analysis

The Food Service Manager alone with Management will ensure that the Cost and Price Analysis is documented and placed in the procurement files.

2009-4 - Duplicate Expense Reimbursement

The Business Manager will immediately implement controls procedures along with the Staff Developer to prevent duplication of expense reimbursements.

2009-5 - Duplicate Expense Reimbursement

The Business Manager will immediately implement controls procedures along with the Staff Developer to prevent duplication of expense reimbursements.

FRIENDS OF KING SCHOOL Management Audit Finding Responses 6/30/2009

2009 -01 Utilization of Budgets

The contracted Accountant will immediately include budget to actual reports in their monthly reporting processes.

"Where Dreams Begin: Preparing the Next Generation"

2009 – 02 Monthly and Year End Financial Statements

Effective immediately the Business Manager along with the contracted Accountant will implement the auditor's recommendation to report timely and accurate monthly financial statements.

2009 – 03 Misclassification and Coding of Transactions

Management will immediately review all coding to ensure the correct postings of all transactions.

2009 -04 Disaster Recover Program

Management has implemented the Disaster Recover Program as stated previously. The Financial data has also been implemented with backup's from the contracted accountant, Paychex Services and monthly Disc backup.

Louis R. Hickel
3/11/2010