

ESPERANZA CHARTER SCHOOL ASSOCIATION
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2010

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

Release Date APR 18 2012



TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION—JUNE 30, 2010	3
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010	4
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2010	6
NOTES TO THE FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of Federal Awards	14
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 <i>Government Auditing Standards</i>	15
Independent Auditors' Report on Compliance With Requirements That Could Have A Direct and Material Effect on Internal Control Over Compliance in Accordance With OMB Circular A-133	18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21
SCHEDULE OF PRIOR YEAR FINDINGS	30



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Esperanza Charter School Association

We have audited the accompanying statement of financial position of the **Esperanza Charter School Association (ECSA)** (a not-for-profit corporation) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of **ECSA**. 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.

As described in NOTE 1 to the financial statements, the Board of Directors of **ECSA** voluntarily surrendered the charter for **A. D. Crossman Esperanza Charter School** on June 17, 2010. With this action taken by the Board of Directors, **ECSA** did not operate a charter school for the 2010-2011 school year and effectively, **ECSA** ceased to exist as an operating entity as of June 30, 2010. As a result, **ECSA** changed its basis of accounting for periods subsequent to June 30, 2010 from the going concern basis to the liquidation basis.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
Esperanza Charter School Association
Page 2

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ECSCA as of June 30, 2010, 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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2012 on our consideration of ECSCA'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 ECSCA 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
CERTIFIED PUBLIC ACCOUNTANTS

January 27, 2012



ESPERANZA CHARTER SCHOOL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

Cash	\$130,233
Grants receivable	263,678
Prepaid expenses	<u>21,564</u>
 Total assets	 <u>\$415,475</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$119,629
Accrued liabilities	264,998
Obligation under capital lease	<u>353</u>
 Total liabilities	 <u>384,980</u>
 Net assets:	
Unrestricted (NOTE 1)	<u>30,495</u>
 Total net assets	 <u>30,495</u>
 Total liabilities and net assets	 <u>\$415,475</u>

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES

Local Sources:

Per pupil aid - MFP (NOTE 1)	\$1,417,094
Fundraising, net of fund raising expenses of \$5,120	1,966
Miscellaneous	<u>9,902</u>
Total revenues from local sources	<u>1,428,962</u>

State Sources:

Per pupil aid - MFP (NOTE 1)	1,136,801
Grant	<u>14,020</u>
Total revenues from state sources	<u>1,150,821</u>

Federal sources

	<u>765,213</u>
Total revenues	<u>3,344,996</u>

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

(CONTINUED)

ESPERANZA CHARTER SCHOOL ASSOCIATION
STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

EXPENSES

Instruction:	
Regular	\$1,600,358
Special	239,276
Other	<u>255,659</u>
Sub-total	<u>2,095,293</u>
Support Services:	
Pupil	172,421
Instructional staff	7,494
School administration	327,162
General administration	48,296
Business services	27,486
Operation and maintenance of plant	383,183
Student transportation services	439,065
Central services	352,693
Food service	10,544
Depreciation	2,929
Write-down of impaired assets	<u>14,467</u>
Sub-total	<u>1,785,740</u>
Total expenses	<u>3,881,033</u>
Change in net assets	(536,037)
Unrestricted net assets, beginning of year	<u>566,532</u>
Unrestricted net assets, end of year	<u>\$ 30,495</u>

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (536,037)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Write-down of impaired assets	14,467
Depreciation expense	2,929
Decrease in grants receivable	173,711
Increase in prepaid expenses	(20,658)
Increase in accrued liabilities	119,275
Decrease in accounts payable	<u>(45,101)</u>
Net cash used in operating activities	<u>(291,414)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on obligation under capital lease	<u>(663)</u>
Net cash used in financing activities	<u>(663)</u>
Decrease in cash	(292,077)
Cash, beginning of year	<u>422,310</u>
Cash, end of year	\$ <u>130,233</u>

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

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

General

On May 31, 2007, the **Esperanza Charter School Association (ECSA)** (a not-for-profit corporation) was granted a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) for an initial three (3) year period to operate a Type 5 public charter school d/b/a **A.D. Crossman Esperanza Charter School**. ECSA entered into a management agreement with a Charter Operator, the United Neighborhood Organization (UNO), to act as the charter operator of the charter school. The Charter Operator manages all aspects of the charter school unless provided in the management agreement.

On June 17, 2010, ECSA voluntarily surrendered the charter for **A.D. Crossman Esperanza Charter School**, which BESE accepted on July 1, 2010. Effective on July 1, 2010, ECSA has ceased to operate as a charter school. In the period subsequent to the ECSA's surrender of its charter, ECSA is required to dissolve its school's operations, as provided in the Charter School Contract.

During the 2010 school year, ECSA served kindergarten through eighth grades, with an enrollment of 332 students.

Basis of Accounting

ECSA financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. Although, ECSA was considered in liquidation as of June 17, 2010, the financial statements were not reported on the liquidation basis for the period June 17, 2010 to June 30, 2010 because the carrying amounts of assets and liabilities were not materially different in the reporting of the financial statements between the going concern basis and the liquidation basis.

ESPERANZA CHARTER SCHOOL ASSOCIATION
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.

Property and Equipment

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

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

Grant Revenue

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

Grants Receivable

The 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.

ESPERANZA CHARTER SCHOOL ASSOCIATION
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. ECSA had no cash equivalents at June 30, 2010.

Income Taxes

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

ECSA files as a tax-exempt organization. Should that status be challenged in the future, ECSA's 2007, 2008 and 2009 tax years are open for examination by the IRS.

Financial Statement Presentation

For the year ended June 30, 2010, ECSA followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*, in the presentation of its financial statements. Under FASB ASC Section 958-205, ECSA is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

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

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

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
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 ECSA. Generally, the donors of these assets permit ECSA to use all or part of the income derived from the investment of these contributions.

At June 30, 2010, ECSA has no temporarily or permanently restricted net assets.

Contributions

ECSA accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition* accounting for contributions received and contribution made. In accordance with FASB ASC Section 958-605, contributions are recorded as unrestricted, temporary restricted or permanently restricted support, depending on the existence and nature of any donor-imposed restrictions.

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

Minimum Foundation Program (MFP)

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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

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.

Deferred Revenue

ECSA reports as deferred revenue grants received earlier than the time for revenue recognition.

NOTE 2 - Property and Equipment:

The following is a summary of property and equipment at June 30, 2010:

Property and equipment	\$ 19,397
Less: accumulated depreciation	(4,930)
Less: write-down of impaired assets	<u>(14,467)</u>
Property and equipment, net	\$ <u>-0-</u>

Depreciation charged to operations at June 30, 2010, was \$2,929.

NOTE 3 - Risk Management

ECSA is exposed to various risks of loss related to torts, theft of, damage to and destruction of property or which ECSA carries commercial liability insurance coverage.

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Concentration of Credit Risk:

ECSA maintains a non-interest bearing account at a local bank. The FDIC provides unlimited deposit insurance coverage on this account 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, 2010, ECSA's deposits were fully insured.

NOTE 5 - Contingency:

ECSA is a recipient of local, federal and state grants. The grants are governed by various local, 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 ECSA and are subject to audit and/or review by the local, federal and state grantor. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of the local, federal and state agencies may be subject to recapture.

NOTE 6 - In-Kind Contributions:

At June 30, 2010, ECSA 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.

NOTE 7 - 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, 2010.

NOTE 8 - Contractual Services:

Neither the charter school's director, master teachers, regular teachers nor other personnel are employees of ECSA. All are employees of the Charter Operator

ESPERANZA CHARTER SCHOOL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Subsequent Events:

ECSA is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition or disclosure in the financial statements. ECSA performed such an evaluation through January 27, 2012, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION:		
Passed through Louisiana State Department of Education:		
IASA Title I	84.010	\$394,557
IASA Title II	84.367	85,180
IASA Title III	84.365	1,903
IDEA, Part B	84.027	106,591
IDEA, Part B - Recovery Act	84.391	49,050
Public Charter Schools Program (PCSP)	84.282	<u>50,915</u>
Total U.S. Department of Education		<u>688,196</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Passed through Louisiana State Department of Education:		
Temporary Aid for Needy Families (TANF)	93.558	<u>77,017</u>
Total U.S. Department of Health and Human Services		<u>77,017</u>
Total Expenditures of Federal Awards		<u>\$765,213</u>

NOTE: The accompanying schedule of expenditures of federal awards includes the federal grant activity of ECSA 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
Esperanza Charter School Association

We have audited the financial statements of the **Esperanza Charter School Association (ECSA)**, (a not-for-profit corporation) as of and for the year ended June 30, 2010, and have issued our report thereon dated January 27, 2012. 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 ECSA'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 ECSA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ECSA's internal control over financial reporting.

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, as items 10-01 through 10-04 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ECSA'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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying Summary Schedule of Findings and Questioned Costs as item 10-05

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)

ECSA's responses to the findings identified in our audit are described in a separate corrective action plan.

This report is intended solely for the information and use of management, ECSA's Board of Directors, the Louisiana Recovery School District, the Louisiana Legislative Auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

January 27, 2012



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Esperanza Charter School Association

Compliance

We have audited the **Esperanza Charter School Association (ECSA)** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of ECSA's major federal programs for the year ended June 30, 2010. ECSA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of ECSA's management. Our responsibility is to express an opinion on ECSA'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 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 ECSA'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 ECSA's compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

In our opinion, ECESA, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 10-06.

Internal Control Over Compliance

Management of ECESA 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 ECESA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 ECESA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM
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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 10-06. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weaknesses in internal control over compliance, yet important enough to merit attention by those charged with governance.

ECSA's response to the finding identified in our audit is described in a separate corrective action plan.

This report is intended solely for the information and use of management, ECSA's Board of Directors, the Louisiana Recovery School District, the Louisiana Legislative Auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

January 27, 2012

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

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: **No.**
- C. Noncompliance which is material to the financial statements: **No.**
- D. Significant deficiencies in internal control over major programs: **Yes** Material weaknesses: **No.**
- 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. **No.**
- G. Major programs:

<u>CFDA Number</u>	<u>Program</u>
84.010	IASA Title I

- 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: **No.**

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

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

10-01 - Bank Reconciliation

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 there was no evidence of approval of bank reconciliations prepared for the 2010 fiscal year.

Effect

There is a potential that the financial statements will be misstated or fraudulent activity could occur.

Cause

ECSA has not designed internal control procedures that would require the review and approval of the bank reconciliations for each cash account to be fully documented

Recommendation

We recommend that ECSA immediately take the necessary steps to ensure that all bank reconciliations are documented as being reviewed, approved, and agreeing with the accounting records.

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

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

10-02 - 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, 2010 audited financial statements were not submitted to the Legislative Auditor by the statutory due date of December 31, 2010. The Legislative Auditor had approved an extension of time for ECSA to file its annual June 30, 2010 financial report by no later than February 28, 2011. ECSA 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 this 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

Audit evidence was not completely provided to the auditors until mid January 2012. Thus, delaying the audit.

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

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

10-02 - Submission of Audit Report, Continued

Recommendation

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

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

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

10 - 03 - Contractual Obligations

Criteria

Section 3.6 of the Charter School Contract between BESE and ECSA provides the contractual requirements for assets for a charter school operator that surrenders its charter.

Condition

We noted during our audit that ECSA did not provide us documentation to support it maintained a complete and current inventory of property (such as computer equipment, furniture, office equipment, etc.). Also, ECSA did not provide us records of property purchased with state, federal or private funding.

Effect

ECSA has not complied with certain sub-sections of Section 3.6 of the Charter School Contract.

Cause

ECSA lacked control procedures to ensure ECSA complied with applicable sub-sections of Section 3.6 of the Charter School Contract.

Recommendation

We recommend that ECSA provide the required property records, as required by Section 3.6 of the Charter School Contract.

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

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

10-04 - Deficit Spending

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

For the year ended June 30, 2010, ECSA had an excess of expenses over revenues or deficit spending of \$536,037, resulting in net assets of \$30,495 as of June 30, 2010. In our review of the minutes of the Board of Directors and Finance Committee meetings, we noted no evidence of discussions of the status of operations relative to an identification of any operational deficits that had occurred during the 2010 fiscal year. In addition, we noted no indication of the budget being amended to reflect the projected deficit.

Also, as of June 17, 2010, ECSA voluntarily surrendered its charter that operated **A.D. Crossman Esperanza Charter School**. As a result, federal, state and certain local sources of revenue will be eliminated or unavailable to ECSA to fund operations in the 2011 fiscal year.

Effect

Unbudgeted spending by ECSA occurred from not timely monitoring the financial activity of ECSA. Proper monitoring should have warranted a modification in its spending.

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

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

10-04 - Deficit Spending, Continued

Cause

ECSA had not monitored the actual results of its financial operations on a monthly basis and compared to budget.

Recommendation

As a consequence of ECSA voluntarily surrendering its charter, effective June 17, 2010, no federal and state revenue sources will be available in the 2011 fiscal year operations to offset an anticipated deficit in net assets, upon subsequent liquidation. The 2011 estimated expenses are expected to be in excess of the beginning balance of net assets of \$30,495 and estimated 2011 sources of support and revenue, which would result in a deficit in net assets as of June 30, 2011. As such, ECSA should immediately develop a plan to eliminate any projected deficits in net assets in future periods, as soon as possible.

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010

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

10-05 - Certified Instructional Staff

Criteria

According to R.S. 17:3991 (c)(1)(c)(6)(a), at least 75% of the instructional staff should be certified by the State Board of Elementary and Secondary Education or the French Ministry of Education.

Condition

Seventy-one percent (71%) or seventeen (17) out of twenty four (24) of ECSA's instructional staff had been certified by the Louisiana State Board of Elementary and Secondary Education (BESE).

Effect

ECSA has not complied with the state law relating to instructional staff certification requirements.

Cause

Lack of an established system in place to ensure the periodic assessment for compliance with the state statute.

Recommendation

We recommend that ECSA comply with the state law that requires at least 75% of the instructional staff to be certified by BESE or the French Ministry of Education.

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

**SECTION III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARD**

10-06 - Submission of Single Audit Report

Criteria

Circular No. A-133, Section 320, requires that the audit be completed and the data collection form and reporting package submitted within the earlier of thirty (30) days after receipt of the auditor's report(s), or nine (9) months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Condition

The June 30, 2010 single audit report was not submitted within the previously described timeframe

Effect

ECSA has not complied with Circular A-133 regarding the timeframe for the single audit report submission.

Cause

Financial reporting procedures were not established to ensure the timely submission of the June 30, 2010 single audit report.

Recommendation

We recommend that ECSA review its financial reporting procedures to ensure that audit engagements are submitted to the federal clearinghouse within the required timeframe.

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

**I. INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO THE FINANCIAL STATEMENTS**

No matters noted

**II. INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO FEDERAL AWARDS**

09-01 - Reimbursement Request

We recommended that ECSA revise its current request for reimbursement procedures to ensure that reimbursement request are only made for paid grant costs, except payroll costs which can be requested up to one (1) month in advance.

Current Status

Resolved.

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

**II. INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO FEDERAL AWARDS
(CONTINUED)**

09-02 - Core Elements of a Schoolwide Program

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

Current Status

Resolved.

09-03 - Parental Involvement Policies

We recommended that ECSA develop the school parental involvement policies in consultation with parents, ensure these policies are distributed to parents, and maintain documentation that this has occurred. ECSA should ensure that the policies are distributed to parents at parent conferences, open house, PTO and other scheduled parent meetings. Documentation should include meeting agendas and/or meeting summaries which include required topics for discussion.

Current Status

Resolved.

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2010**

III. MANAGEMENT LETTER

No matters reported.

ESPERANZA CHARTER SCHOOL ASSOCIATION

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>PAGE</u>
AGREED-UPON PROCEDURES REPORT	1
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514-PERFORMANCE AND STATISTICAL DATA)	6
Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	9
Schedule 2 - Education Levels of Public School Staff	10
Schedule 3 - Number and Type of Public Schools	11
Schedule 4 - Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers.....	12
Schedule 5 - Public School Staff Data	13
Schedule 6 - Class Size Characteristics	14
Schedule 7 - Louisiana Educational Assessment Program (LEAP) for the 21 st Century	15
Schedule 8 - The Graduation Exit Exam for the 21 st Century.....	16
Schedule 9 - The iLEAP Tests	17



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

To the Board of Directors
Esperanza Charter School Association

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the **Esperanza Charter School Association (ECSA)** 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). Management of ECSA is responsible for its performance and statistical data. 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 on pages 2 to 5 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
CERTIFIED PUBLIC ACCOUNTANTS**

January 27, 2012

**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, Assistant Principals and Full-time Classroom Teachers" (SCHEDULE 4) to the combined total number of full-time classroom teachers per this schedule and to ECSA's supporting payroll records as of October 1, 2009.

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, Assistant 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, 2009 and as reported on the schedule. We traced a *random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.*

No differences noted.

Number and Type of Public Schools (SCHEDULE 3)

5. We obtained a list of schools by type as reported on the schedule. Also, we compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

No differences noted.

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

PROCEDURES AND FINDINGS, CONTINUED

Experience of Public Principals, Assistant 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, 2009 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

No differences noted.

Public School Staff Data (SCHEDULE 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No differences noted.

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

No differences noted.

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

PROCEDURES AND FINDINGS, CONTINUED

Class Size Characteristics (SCHEDULE 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample of 10 classes to the October 1, 2009 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 ECSA.

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 ECSA.

This procedure was not applicable because ECSA operates only one charter school, which includes grades K to 8th.

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 ECSA.

No differences noted.

**ESPERANZA CHARTER SCHOOL ASSOCIATION
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, Assistant 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)

**ESPERANZA CHARTER SCHOOL ASSOCIATION
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.

**ESPERANZA CHARTER SCHOOL ASSOCIATION
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, 2010**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 1,281,609	
Other Instructional Staff Activities	386,732	
Employee Benefits	305,237	
Purchased Professional and Technical Services	26,958	
Instructional Materials and Supplies	87,529	
Instructional Equipment	71	
Total Teacher and Student Interaction Activities	\$ 2,088,136	

Other Instructional Activities 7,157

Pupil Support Activities	172,421	
Less Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	172,421	

Instructional Staff Services	7,494	
Less Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	7,494	

School Administration	327,162	
Less Equipment for School Administration	-	
Net School Administration	327,162	

Total General Fund Instructional Expenditures \$ 2,602,370

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, 2009

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	0	0%	0	0%	0	0%	0	0%
Bachelor's Degree	11	65%	7	100%	0	0%	0	0%
Master's Degree	5	29%	0	0%	1	100%	0	0%
Master's Degree +30	1	6%	0	0%	0	0%	0	0%
Specialist in Education	0	0%	0	0%	0	0%	0	0%
Ph D or Ed D	0	0%	0	0%	0	0%	0	0%
Total	17	100%	7	100%	1	100%	0	0%

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

Number and Type of Public Schools
For the Year Ended June 30, 2010

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

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

ESPERANZA CHARTER SCHOOL ASSOCIATION

Schedule 4

**Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2009**

	0 - 1 Yr	2 - 3 Yrs	4 - 10 Yrs	11 - 14 Yrs	15 - 19 Yrs	20 - 24 Yrs	25+ yrs	Total
Assistant Principals	0	0	0	0	0	0	0	0
Principals	0	0	0	1	0	0	0	1
Classroom Teachers	1	16	7	0	0	0	0	24
Total	1	16	7	1	0	0	0	25

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

Public School Staff Data
For the Year Ended June 30, 2010

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 43,935	\$ 43,935
Average Classroom Teachers' Salary Including Extra Compensation	\$ 47,038	\$ 47,038
Number of Teachers' Full-time Equivalents (FTEs) used in Computation of Average Salaries	24	24

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, 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.

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

Class Size Characteristics
As of October 1, 2009

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	58.0%	58	35.0%	35	7.0%	7	0.0%	0
Elementary Activity Classes	3.7%	8	5.8%	5	2.8%	1	0.0%	0
Middle/Jr High								
Middle/Jr High Activity Classes								
High								
High Activity Classes								
Combination	58.0%	58	35.0%	35	7.0%	7	0.0%	0
Combination Activity Classes	3.7%	8	5.8%	5	2.8%	1	0.0%	0

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

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

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2010

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	0	0%	1	2%	0	0%	0	0%	0	0%	0	0%
Mastery	5	9%	1	2%	3	9%	3	6%	3	6%	1	3%
Basic	13	22%	18	38%	14	40%	12	25%	12	25%	9	26%
Approaching Basic	13	22%	10	21%	6	17%	11	23%	11	23%	13	37%
Unsatisfactory	27	47%	18	38%	12	34%	22	46%	22	46%	12	34%
Total	58	100%	48	101%	35	100%	48	100%	48	100%	35	100%

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Mastery	3	6%	3	6%	0	0%	0	0%	0	0%	1	3%
Basic	12	25%	12	25%	8	23%	16	33%	16	33%	8	23%
Approaching Basic	11	23%	11	23%	10	29%	8	17%	8	17%	11	31%
Unsatisfactory	22	46%	22	46%	17	49%	24	50%	24	50%	15	43%
Total	48	100%	48	100%	35	101%	48	100%	48	100%	35	100%

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Mastery	1	3%	1	3%	0	0%	0	0%	0	0%	0	0%
Basic	12	40%	12	40%	5	14%	6	20%	6	20%	4	11%
Approaching Basic	12	40%	12	40%	12	32%	11	37%	11	37%	12	32%
Unsatisfactory	5	17%	5	17%	20	54%	13	43%	13	43%	21	57%
Total	30	100%	30	100%	37	100%	30	100%	30	100%	37	100%

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Mastery	1	3%	1	3%	1	3%	1	3%	1	3%	0	0%
Basic	4	13%	4	13%	4	11%	4	13%	4	13%	4	11%
Approaching Basic	13	43%	13	43%	3	8%	11	37%	11	37%	10	28%
Unsatisfactory	12	40%	12	40%	29	78%	14	47%	14	47%	22	61%
Total	30	100%	30	100%	37	100%	30	100%	30	99%	36	100%

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

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

The Graduate Exit Exam for the 21st Century
For the Year Ended June 30, 2010

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

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

Note This schedule does not apply

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

The *iLEAP* Tests
For the Year Ended June 30, 2010

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	0	0.0%	1	2.9%	0	0.0%	0	0.0%
Basic	5	13.9%	6	17.1%	2	5.6%	9	25.0%
Approaching Basic	8	22.2%	11	31.4%	15	41.7%	8	22.2%
Unsatisfactory	23	63.9%	17	48.6%	19	52.8%	19	52.8%
Total	36	100.0%	35	100.0%	36	100.0%	36	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	0	0.0%	1	2.8%	0	0.0%	1	2.8%
Basic	16	44.4%	19	52.8%	9	25.0%	15	41.7%
Approaching Basic	10	27.8%	8	22.2%	19	52.8%	8	22.2%
Unsatisfactory	10	27.8%	8	22.2%	8	22.2%	12	33.3%
Total	36	100.0%	36	100.0%	36	100.0%	36	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	1	4.3%	1	4.3%	0	0.0%	0	0.0%
Basic	8	34.8%	7	30.4%	6	26.1%	11	47.8%
Approaching Basic	5	21.7%	5	21.7%	9	39.1%	8	34.8%
Unsatisfactory	9	39.1%	10	43.5%	8	34.8%	4	17.4%
Total	23	100.0%	23	100.0%	23	100.0%	23	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	0	0.0%	0	0.0%	2	8.7%	2	8.7%
Basic	7	30.4%	9	39.1%	7	30.4%	13	56.5%
Approaching Basic	11	47.8%	3	13.0%	8	34.8%	2	8.7%
Unsatisfactory	5	21.7%	11	47.8%	6	26.1%	6	26.1%
Total	23	100.0%	23	100.0%	23	100.0%	23	100.0%

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

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

The *iLEAP* Tests
For the Year Ended June 30, 2010

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	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	1	1.8%	3	5.4%	3	5.4%	1	1.8%
Basic	10	17.9%	10	17.9%	9	16.1%	15	26.8%
Approaching Basic	10	17.9%	12	21.4%	18	32.1%	12	21.4%
Unsatisfactory	33	62.5%	31	55.4%	26	46.4%	28	50.0%
Total	56	100.0%	56	100.0%	56	100.0%	56	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	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	1	4.0%	0	0.0%	0	0.0%	0	0.0%
Basic	5	20.0%	4	16.0%	2	8.0%	6	24.0%
Approaching Basic	8	32.0%	7	28.0%	6	24.0%	4	16.0%
Unsatisfactory	11	44.0%	14	56.0%	17	68.0%	15	60.0%
Total	25	100.0%	25	100%	25	100.0%	25	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%	1	3.6%
Mastery	2	7.1%	1	3.6%	2	7.1%	1	3.6%
Basic	7	25.0%	8	28.6%	5	17.9%	8	28.6%
Approaching Basic	7	25.0%	3	10.7%	9	32.1%	9	32.1%
Unsatisfactory	12	42.9%	16	57.1%	12	42.9%	9	32.1%
Total	28	100.0%	28	100.0%	28	100.0%	28	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	1	3.8%	0	0.0%	0	0.0%	0	0.0%
Mastery	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Basic	8	30.8%	5	19.2%	7	26.9%	7	26.9%
Approaching Basic	8	30.8%	11	42.3%	8	30.8%	10	38.5%
Unsatisfactory	9	34.6%	10	38.5%	11	42.3%	9	34.6%
Total	26	100.0%	26	100.0%	26	100.0%	26	100.0%

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

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

The *ILEAP* Tests
For the Year Ended June 30, 2010

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mastery	5	11.6%	3	7.1%	1	2.4%	3	7.0%
Basic	13	34.9%	11	26.2%	11	26.2%	12	27.9%
Approaching Basic	8	18.6%	11	26.2%	15	35.7%	10	23.3%
Unsatisfactory	15	34.9%	17	40.5%	15	35.7%	18	41.9%
Total	43	100.0%	42	100.0%	42	100.0%	43	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0.0%	1	2.9%	0	0.0%	0	0.0%
Mastery	2	5.7%	2	5.7%	1	2.9%	2	5.7%
Basic	7	20.0%	4	11.4%	5	14.3%	14	40.0%
Approaching Basic	7	20.0%	6	17.1%	11	31.4%	9	25.7%
Unsatisfactory	19	54.3%	22	62.9%	18	51.4%	10	28.6%
Total	35	100.0%	35	100.0%	35	100.0%	35	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0.0%	1	3.8%	0	0.0%	0	0.0%
Mastery	1	3.8%	0	0.0%	1	3.8%	2	7.7%
Basic	11	42.3%	7	26.9%	7	26.9%	9	34.6%
Approaching Basic	5	19.2%	6	23.1%	10	38.5%	5	19.2%
Unsatisfactory	9	34.6%	12	46.2%	8	30.8%	10	38.5%
Total	26	100.0%	26	100.0%	26	100.0%	26	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0.0%	0	0.0%	1	2.9%	0	0.0%
Mastery	1	2.9%	1	2.9%	0	0.0%	0	0.0%
Basic	9	25.7%	12	34.3%	8	22.9%	7	20.0%
Approaching Basic	13	37.1%	10	28.6%	14	40.0%	12	34.3%
Unsatisfactory	12	34.3%	12	34.3%	12	34.3%	16	45.7%
Total	35	100.0%	35	100.0%	35	100.0%	35	100.0%

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

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

**ESPERANZA CHARTER SCHOOL ASSOCIATION
2108 BELMONT PLACE
METAIRIE, LA 70001**

January 27, 2012

Mr Michael Bruno
Bruno & Tervalon LLP
Certified Public Accountants
4298 Elysian Fields Avenue
New Orleans, Louisiana 70122

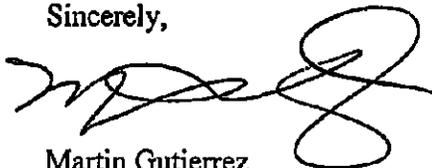
RE. Corrective action for findings in audit for June 30, 2010.

Dear Mr Bruno

The Esperanza Charter School Association Board surrendered the Charter on June 17, 2010. As a result of this, we are no longer operating the school and we are not conducting any activities. Therefore, we consider that no further corrective action is necessary.

Thanks for your assistance and your work on this audit

Sincerely,



Martin Gutierrez
President
Esperanza Charter School Association