

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
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 1/12/11

## TABLE OF CONTENTS

|   | Page |
|---|------|
| INDEPENDENT AUDITORS' REPORT  | 1    |
| FINANCIAL STATEMENTS  |      |
| Statement of Financial Position   | 3    |
| Statement of Activities   | 4    |
| Statement of Cash Flows   | 5    |
| NOTES TO FINANCIAL STATEMENTS   | 6    |
| REQUIRED SUPPLEMENTARY INFORMATION  |      |
| Independent Accountants' Report on Applying Agreed-Upon Procedures  | 11   |
| Schedule 1 – General Fund Instructional and Support Expenditures<br>and Certain Local Revenue Sources   | 15   |
| Schedule 2 – Education Levels of Public School Staff  | 16   |
| Schedule 3 – Number and Type of Public Schools  | 17   |
| Schedule 4 – Experience of Public Principals, Assistant Principals,<br>and Full Time Classroom Teachers   | 18   |
| Schedule 5 – Public School Staff Data   | 19   |
| Schedule 6 – Class Size Characteristics   | 20   |
| Schedule 7 – Louisiana Educational Assessment Program (LEAP)  | 21   |
| Schedule 8 – Graduation Exit Exam   | 22   |
| Schedule 9 – iLEAP Test Results   | 23   |
| SUPPLEMENTAL INFORMATION  |      |
| Schedule of Board of Directors  | 24   |
| OTHER INDEPENDENT AUDITORS' REPORTS   |      |
| Report on Internal Control over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> | 25   |
| Report on Compliance with Requirements Applicable to Each Major Program<br>and on Internal Control over Compliance in Accordance with<br>Office of Management and Budget (OMB) Circular A-133             | 27   |
| Schedule of Expenditures of Federal Awards  | 29   |
| Notes to Schedule of Expenditures of Federal Awards   | 30   |
| Schedule of Findings and Questioned Costs   | 31   |

# Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA  
Craig A. Silva, CPA\*  
Thomas A. Gurtner, CPA\*  
Kenneth J. Abney, CPA, MS Tax\*  
\*Limited Liability Companies

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Lake Forest Elementary Charter School  
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Lake Forest Elementary Charter School (the School), a non-profit organization, 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 School's management. 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; and the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*. Those standards and OMB Circular A-133 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 Lake Forest Elementary Charter School as of June 30, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Lake Forest Elementary Charter School taken as a whole. The accompanying supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements of the School. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis as required by U.S. Office and Management and Budget Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions* and is not a required part of the basic financial statements. The information in this schedule has been subjected to the 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.

4565 LaSalle St., Ste. 300  
Mandeville, LA 70471  
Phone: (985) 626-8299  
Fax: (985) 626-9767

Limited Liability Company  
[www.silva-cpa.com](http://www.silva-cpa.com)

4330 Dumaine Street  
New Orleans, LA 70119  
Phone: (504) 833-2436  
Fax: (504) 484-0807

In accordance with *Government Auditing Standards*, we have also issued a report dated September 27, 2010 on our consideration of Lake Forest Elementary Charter School internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the 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.

*Silva Gurtner & Abney*

September 27, 2010

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Statement of Financial Position  
 June 30, 2010**

|   |                     |
|---|---------------------|
| <b>Assets</b>                           |                     |
| <b>Current Assets</b>                   |                     |
| Cash and Cash Equivalents               | \$ 3,154,231        |
| Grants Receivable                       | 596,364             |
| Prepaid Expenses                        | 22,241              |
|   | <u>3,772,836</u>    |
| <b>Total Current Assets</b>             |                     |
| <b>Property and Equipment</b>           |                     |
| Furniture and Equipment                 | 89,201              |
| Leasehold Improvements                  | 11,025              |
|   | <u>100,226</u>      |
| <b>Total at Cost</b>                    | <b>100,226</b>      |
| Less: Accumulated Depreciation          | <u>(34,603)</u>     |
|   | <u>65,623</u>       |
| <b>Net Property and Equipment</b>       | <b>65,623</b>       |
|   | <u>65,623</u>       |
| <b>Total Assets</b>                     | <b>\$ 3,838,459</b> |
|   | <u>\$ 3,838,459</u> |
| <b>Liabilities and Net Assets</b>       |                     |
| <b>Current Liabilities</b>              |                     |
| Accounts Payable                        | \$ 37,817           |
| Accrued Salaries and Benefits           | 34,738              |
| Funds Held for Others                   | 580                 |
|   | <u>73,135</u>       |
| <b>Total Liabilities</b>                | <b>73,135</b>       |
|   | <u>73,135</u>       |
| <b>Net Assets</b>                       |                     |
| Unrestricted                            | <u>3,765,324</u>    |
| <b>Total Net Assets</b>                 | <b>3,765,324</b>    |
|   | <u>3,765,324</u>    |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 3,838,459</b> |
|   | <u>\$ 3,838,459</u> |

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

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Statement of Activities  
 For the Year Ended June 30, 2010**

|  |                            |
|--|----------------------------|
| <b>Revenue, Grants and Other Support</b>         |                            |
| State Public School Funding                      | \$ 3,752,030               |
| Federal Grants                                   | 656,798                    |
| Other Income                                     | 261,573                    |
| Donations  | 36,099                     |
| Other State Funding                              | <u>68,775</u>              |
| <b>Total Revenue, Grants and Other Support</b>   | <b><u>4,775,275</u></b>    |
| <b>Expenses</b>                                  |                            |
| Program Services                                 |                            |
| Regular Education Programs                       | 1,948,324                  |
| School Administration                            | 337,980                    |
| Operation and Maintenance                        | 328,637                    |
| Special Education Programs                       | 327,639                    |
| Instructional Staff Services                     | 313,305                    |
| Pupil Support Services                           | 227,812                    |
| Food Services Operations                         | 209,928                    |
| Other Instructional Programs                     | 105,733                    |
| Depreciation                                     | 15,462                     |
| Special Programs                                 | 14,660                     |
| Facilities Acquisition and Construction Services | 4,000                      |
| Management and General                           |                            |
| Business Services                                | 282,244                    |
| General Administration                           | 53,074                     |
| Fundraising                                      | <u>21,268</u>              |
| <b>Total Expenses</b>                            | <b><u>4,190,086</u></b>    |
| <b>Change in Net Assets</b>                      | <b>585,189</b>             |
| <b>Net Assets, Beginning of Year</b>             | <b><u>3,180,135</u></b>    |
| <b>Net Assets, End of Year</b>                   | <b><u>\$ 3,765,324</u></b> |

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

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Statement of Cash Flows  
 For the Year Ended June 30, 2010**

|  |                            |
|--|----------------------------|
| <b>Cash Flows from Operating Activities</b>  |                            |
| Change in Net Assets   | \$ 585,189                 |
| Adjustments to Reconcile Change in Net Assets to<br>Net Cash Provided by Operating Activities: |                            |
| Depreciation   | 15,462                     |
| (Increase) Decrease in:  |                            |
| Grants Receivable  | 292,965                    |
| Prepaid Expenses   | 12,902                     |
| Increase (Decrease) in:  |                            |
| Accounts Payable   | 25,917                     |
| Accrued Salaries and Benefits  | 9,537                      |
|  | <u>941,972</u>             |
| <b>Net Cash Provided by Operating Activities</b>   | <b>941,972</b>             |
| <b>Cash Flows from Investing Activities</b>  |                            |
| Purchase of Furniture and Equipment  | <u>(27,390)</u>            |
| <b>Net Cash Used In Investing Activities</b>   | <b>(27,390)</b>            |
| <b>Net Increase in Cash and Cash Equivalents</b>   | <b>914,582</b>             |
| <b>Cash and Cash Equivalents, Beginning of Year</b>  | <u>2,239,649</u>           |
| <b>Cash and Cash Equivalents, End of Year</b>  | <u><b>\$ 3,154,231</b></u> |

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

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

Lake Forest Elementary Charter School (the School) was organized as a non-profit corporation under the laws of the State of Louisiana on March 14, 2006. The School entered into a Charter School Contract with the Orleans Parish School Board beginning January 6, 2006, whereby the School would operate a Type III charter school as defined in Louisiana Revised Statute 17:3971, et. seq. The charter was granted for a minimum of five years. The School serves eligible students in pre-kindergarten through eighth grade in Orleans Parish.

The formation of the School was in response to the devastation left by Hurricane Katrina. Accordingly, the State of Louisiana Recovery School District is allowing the School to operate in the building formerly used by the Frances Gaudet Elementary School (a school of the Orleans Parish School Board) rent free under a lease renewable annually.

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Financial Statement Presentation**

The School follows the guidance of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School's contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose restrictions. Restricted contributions, for which the restriction is met in the same year, are classified as unrestricted.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. All significant receivables, payables, and other liabilities are reflected.

**Revenues**

The School's primary source of funding is through the State Public School Fund and the Orleans Parish School Board which provided 79%. State and Federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Grants Receivable**

The School received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at year end are stated at unpaid balances for expenditures incurred during the year.

The receivables are stated at the amount management expects to collect from the outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts, as management believes all remaining balances are fully collectible.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$500 and betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Property and equipment are recorded at historical cost or estimated historical cost if historical cost is not available. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$15,462 for the year ended June 30, 2010. The following are the estimated useful lives of the assets of the School:

|                         |             |
|-------------------------|-------------|
| Leasehold Improvements  | 10 Years    |
| Furniture and Equipment | 5 - 7 Years |

All assets acquired with Louisiana Department of Education funds are owned by the School while used for the purpose in which they were purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

**Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the School considers all liquid investments purchased with an original maturity of three months or less to be cash equivalents. Certificates of deposit are considered to be cash if interest penalties for early withdrawal are not material.

**Income Taxes**

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) nonprofit organization. As such, the School is generally exempt from income taxes. It is however, required to file Federal Form 990 - Return of Organization Exempt from Income Tax. This is an informational return only. The School believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that require adjustment to the financial statements.

The School's federal Form 990 for 2008, 2007, and 2006 are subject to examination by the IRS, generally for three years after they were filed.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Advertising**

Advertising costs are expensed as incurred.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2. Concentrations**

The School received 79% of its revenues from state funding passed through the Orleans Parish School Board for the year ended June 30, 2010, subject to its charter school contract, and 14% of its funding from federal sources passed through the School Board for the year ended June 30, 2010.

The School periodically maintains cash in bank accounts in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**Note 3. Cash and Cash Equivalents**

As of June 30, 2010, the carrying value of cash consisted of demand deposits, certificates of deposits, and money market funds in local banks of \$3,154,231.

**Note 4. Grants Receivable**

As of June 30, 2010, grants receivable consisted of amounts due from the following sources:

|                                       |                          |
|---------------------------------------|--------------------------|
| Federal Title I, II, IV, and V Grants | \$ 415,768               |
| Federal Hurricane Relief Grants       | <u>180,596</u>           |
| <b>Total</b>                          | <b><u>\$ 596,364</u></b> |

**Note 5. Retirement Plan**

Substantially all employees of the School are members of the Teachers' Retirement System of Louisiana (TRSL). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by separate boards of trustees. Pertinent information relative to the plan follows:

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 5. Retirement Plan (Continued)**

**Teachers' Retirement System of Louisiana (TRSL)**

**Plan Description**

The TRSL provides retirement benefits as well as disability and survivor benefits. Five years of service credit is required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

**Funding Policy**

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The current rate is 15.5% of annual eligible covered payroll for the year ended June 30, 2010. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the years ended June 30, 2010, 2009, and 2008, were \$352,621, \$318,985, and \$305,261, respectively, which is equal to the required contribution.

**Note 6. Leases**

The School entered into a lease agreement with the Louisiana State Department of Education, Recovery School District (RSD) for the use of property located at 12000 Hayne Blvd, New Orleans, LA 70128 for the purposes of conducting classes and related academic activities. RSD agreed to forgo the payment of rent under the agreement while the School cares for and maintains the property. The agreement expired on June 30, 2010, and has been renewed for an additional year.

Use of the property is not recorded as an in-kind contribution from RSD and related rent expenses. The value of the use of the land and buildings is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from the agreement. Accordingly, the present value of the benefit to be received in the future years has not been recorded.

**Note 7. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 27, 2010, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SCHEDULES REQUIRED BY LOUISIANA STATE LAW  
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

# Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA  
Craig A. Silva, CPA\*  
Thomas A. Gurtner, CPA\*  
Kenneth J. Abney, CPA, MS Tax\*  
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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
Lake Forest Elementary Charter School  
New Orleans, Louisiana

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

Our procedures and findings relate to the accompanying schedules of supplementary information are as follows:

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

We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

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  
Nonpublic Transportation Revenue

Findings: None

4565 LaSalle St., Ste. 300  
Mandeville, LA 70471  
Phone: (985) 626-8299  
Fax: (985) 626-9767

Limited Liability Company  
[www.silva-cpa.com](http://www.silva-cpa.com)

4330 Dumaine Street  
New Orleans, LA 70119  
Phone: (504) 833-2436  
Fax: (504) 484-0807

### Education Levels of Public School Staff (Schedule 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 school board supporting payroll records as of October 1.

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.

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced a random sample of 5 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

Findings: None

### Number and Type of Public Schools (Schedule 3)

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

Findings: None

### Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers (Schedule 4)

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

Findings: None

### Public School Staff Data (Schedule 5)

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 5 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.

Findings: None

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

Findings: None

Class Size Characteristics (Schedule 6)

We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

Findings: None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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 Lake Forest Elementary Charter School.

Findings: None

Graduation Exit Exam (Schedule 8)

Not applicable

iLEAP Test Results (Schedule 9)

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 Lake Forest Elementary Charter School.

Findings: None

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Lake Forest Elementary Charter School, 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.

*Silva Gurtner & Abney*

September 27, 2010

**LAKE FOREST ELEMENTARY CHARTER SCHOOL**  
**Schedules Required by State Law**  
**(R.S. 24:514 - Performance and Statistical Data)**  
**As of and for the Year Ended June 30, 2010**

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**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 non-public 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).

**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.

**Schedule 7 - Louisiana Educational Assessment Program (LEAP)**

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 - Graduation Exit Exam**

Not applicable.

**Schedule 9 - ILEAP Test Results**

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, and 7 for each district. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the state. This schedule includes three years of data.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
General Fund Instructional and Support Expenditures  
And Certain Local Revenue Sources  
For the Year Ended June 30, 2010**

|  |                     |
|--|---------------------|
| <b>General Fund Instructional and Equipment Expenditures</b>               |                     |
| <b>General Fund Instructional Expenditures</b>                             |                     |
| <b>Teacher and Student Interaction Activities</b>                          |                     |
| Classroom Teacher Salaries   | \$ 1,511,945        |
| Other Instructional Staff Salaries   | 51,215              |
| Instructional Staff Employee Benefits                                      | 356,721             |
| Instructional Materials and Supplies                                       | 61,936              |
| Instructional Equipment  | <u>28,695</u>       |
| <b>Total Teacher and Student Interaction Activities</b>                    | <b>\$ 2,010,512</b> |
| Other Instructional Activities   | 17,533              |
| Pupil Support Services   | 202,874             |
| Less: Equipment for Pupil Support Services                                 | <u>-</u>            |
| Net Pupil Support Services   | 202,874             |
| Instructional Staff Services   | 181,383             |
| Less: Equipment for Instructional Staff Services                           | <u>-</u>            |
| Net Instructional Staff Services   | 181,383             |
| School Administration  | 331,378             |
| Less: Equipment for School Administration                                  | <u>(2,912)</u>      |
| Net School Administration  | <u>328,466</u>      |
| <b>Total General Fund Instructional Expenditures</b>                       | <b>\$ 2,740,768</b> |
| <b>Total General Fund Equipment Expenditures</b>                           | <b>\$ 31,607</b>    |
| <b>Certain Local Revenue Sources</b>                                       |                     |
| <b>Local Taxation Revenue</b>  |                     |
| Constitutional Ad Valorem Taxes  | \$ -                |
| Renewable Ad Valorem Tax   | -                   |
| Debt Service Ad Valorem Tax  | -                   |
| Up to 1% of Collections by the Sheriff on Taxes<br>Other than School Taxes | -                   |
| Sales and Use Taxes  | <u>-</u>            |
| <b>Total Local Taxation Revenue</b>  | <b>\$ -</b>         |
| <b>Local Earnings on Investment in Real Property</b>                       |                     |
| Earnings from 16th Section Property  | \$ -                |
| Earnings from Other Real Property  | <u>-</u>            |
| <b>Total Local Earnings on Investment in Real Property</b>                 | <b>\$ -</b>         |
| <b>State Revenue in Lieu of Taxes</b>                                      |                     |
| Revenue Sharing - Constitutional Tax                                       | \$ -                |
| Revenue Sharing - Other Taxes  | -                   |
| Revenue Sharing - Excess Portion   | -                   |
| Other Revenue in Lieu of Taxes   | <u>-</u>            |
| <b>Total State Revenue in Lieu of Taxes</b>                                | <b>\$ -</b>         |
| Nonpublic Textbook Revenue   | <u>\$ -</u>         |
| Nonpublic Transportation Revenue   | <u>\$ -</u>         |

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
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 |                              |             |                |             |                                   |             |                |           |
| Bachelor's Degree             | 21                           | 62%         | 1              | 100%        |                                   |             |                |           |
| Master's Degree               | 13                           | 38%         |                |             | 1                                 | 50%         |                |           |
| Master's Degree +30           |                              |             |                |             | 1                                 | 50%         |                |           |
| Specialist in Education       |                              |             |                |             |                                   |             |                |           |
| Ph.D. or Ed.D.                |                              |             |                |             |                                   |             |                |           |
| <b>Total</b>                  | <b>34</b>                    | <b>100%</b> | <b>1</b>       | <b>100%</b> | <b>2</b>                          | <b>100%</b> | <b>0</b>       | <b>0%</b> |

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Number and Type of Public Schools  
For the Year Ended June 30, 2010**

| Type            | Number   |
|-----------------|----------|
| Elementary      | 1        |
| Middle/Jr. High | 0        |
| Secondary       | 0        |
| Combination     | 0        |
| <b>Total</b>    | <b>1</b> |

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Experience of Public Principals, Assistant 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 |          |           |            |             |             |              | 1         | 1         |
| Principals           |          |           |            |             |             |              | 1         | 1         |
| Classroom Teachers   |          | 4         | 8          | 5           | 3           | 1            | 14        | 35        |
| <b>Total</b>         | <b>0</b> | <b>4</b>  | <b>8</b>   | <b>5</b>    | <b>3</b>    | <b>1</b>     | <b>16</b> | <b>37</b> |

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Public School Staff Data  
 For the Year Ended June 30, 2010**

|   | <b>All Classroom<br/>Teachers</b> | <b>Classroom Teachers<br/>Excluding ROTC<br/>and Rehired Retirees</b> |
|---|-----------------------------------|---|
| <b>Average Classroom Teachers'<br/>Salary Including Extra<br/>Compensation</b>                        | \$53,513                          | \$51,802  |
| <b>Average Classroom Teachers'<br/>Salary Excluding Extra<br/>Compensation</b>                        | \$53,239                          | \$51,802  |
| <b>Number of Teacher Full Time<br/>Equivalents (FTEs) used in<br/>Computation of Average Salaries</b> | 33.02                             | 27.17   |

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 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  | 88%              | 22     | 12%     | 3      | 0%      | 0      | 0%      | 0      |

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Louisiana Education Assessment Program (LEAP)  
For the Year Ended June 30, 2010**

| District Achievement Level Results | English Language Arts |             |           |             |           |             | Mathematics |             |           |             |           |             | Science   |             |           |             |           |             | Social Studies |             |           |             |           |             |
|------------------------------------|-----------------------|-------------|-----------|-------------|-----------|-------------|-------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|----------------|-------------|-----------|-------------|-----------|-------------|
|                                    | 2010                  |             | 2009      |             | 2008      |             | 2010        |             | 2009      |             | 2008      |             | 2010      |             | 2009      |             | 2008      |             | 2010           |             | 2009      |             | 2008      |             |
|                                    | Nbr.                  | %           | Nbr.      | %           | Nbr.      | %           | Nbr.        | %           | Nbr.      | %           | Nbr.      | %           | Nbr.      | %           | Nbr.      | %           | Nbr.      | %           | Nbr.           | %           | Nbr.      | %           | Nbr.      | %           |
| Grade 4                            | 22                    | 41%         | 7         | 10%         | 9         | 18%         | 19          | 35%         | 5         | 7%          | 5         | 10%         | 5         | 9%          | 6         | 8%          | 5         | 10%         | 11             | 20%         | 15        | 21%         | 2         | 4%          |
| Advanced                           | 19                    | 35%         | 27        | 37%         | 25        | 49%         | 22          | 41%         | 27        | 37%         | 25        | 49%         | 28        | 52%         | 28        | 36%         | 18        | 35%         | 31             | 58%         | 34        | 46%         | 18        | 35%         |
| Mastery                            | 13                    | 24%         | 35        | 48%         | 16        | 31%         | 13          | 24%         | 39        | 53%         | 20        | 39%         | 19        | 35%         | 32        | 44%         | 27        | 53%         | 12             | 22%         | 24        | 33%         | 30        | 59%         |
| Basic                              | 0                     | 0%          | 4         | 5%          | 1         | 2%          | 0           | 0%          | 2         | 3%          | 1         | 2%          | 2         | 4%          | 7         | 10%         | 1         | 2%          | 0              | 0%          | 0         | 0%          | 1         | 2%          |
| Approaching Basic                  | 0                     | 0%          | 0         | 0%          | 0         | 0%          | 0           | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0              | 0%          | 0         | 0%          | 0         | 0%          |
| Unsatisfactory                     | 0                     | 0%          | 0         | 0%          | 0         | 0%          | 0           | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0              | 0%          | 0         | 0%          | 0         | 0%          |
| <b>Total</b>                       | <b>54</b>             | <b>100%</b> | <b>73</b> | <b>100%</b> | <b>51</b> | <b>100%</b> | <b>54</b>   | <b>100%</b> | <b>73</b> | <b>100%</b> | <b>51</b> | <b>100%</b> | <b>54</b> | <b>100%</b> | <b>73</b> | <b>100%</b> | <b>51</b> | <b>100%</b> | <b>54</b>      | <b>100%</b> | <b>73</b> | <b>100%</b> | <b>51</b> | <b>100%</b> |

| District Achievement Level Results | English Language Arts |             |           |             |           |             | Mathematics |             |           |             |           |             | Science   |             |           |             |           |             | Social Studies |             |           |             |           |             |
|------------------------------------|-----------------------|-------------|-----------|-------------|-----------|-------------|-------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|----------------|-------------|-----------|-------------|-----------|-------------|
|                                    | 2010                  |             | 2009      |             | 2008      |             | 2010        |             | 2009      |             | 2008      |             | 2010      |             | 2009      |             | 2008      |             | 2010           |             | 2009      |             | 2008      |             |
|                                    | Nbr.                  | %           | Nbr.      | %           | Nbr.      | %           | Nbr.        | %           | Nbr.      | %           | Nbr.      | %           | Nbr.      | %           | Nbr.      | %           | Nbr.      | %           | Nbr.           | %           | Nbr.      | %           | Nbr.      | %           |
| Grade 8                            | 9                     | 24%         | 1         | 2%          | 0         | 0%          | 9           | 24%         | 14        | 33%         | 0         | 0%          | 4         | 11%         | 2         | 5%          | 0         | 0%          | 7              | 18%         | 2         | 5%          | 0         | 0%          |
| Advanced                           | 20                    | 52%         | 14        | 33%         | 7         | 28%         | 5           | 13%         | 4         | 9%          | 3         | 12%         | 13        | 34%         | 19        | 44%         | 5         | 20%         | 23             | 61%         | 24        | 56%         | 3         | 12%         |
| Mastery                            | 9                     | 24%         | 27        | 63%         | 15        | 60%         | 24          | 63%         | 25        | 58%         | 20        | 80%         | 21        | 55%         | 20        | 46%         | 13        | 52%         | 8              | 21%         | 17        | 39%         | 16        | 64%         |
| Basic                              | 0                     | 0%          | 1         | 2%          | 3         | 12%         | 0           | 0%          | 0         | 0%          | 2         | 8%          | 0         | 0%          | 2         | 5%          | 7         | 28%         | 0              | 0%          | 0         | 0%          | 6         | 24%         |
| Approaching Basic                  | 0                     | 0%          | 0         | 0%          | 0         | 0%          | 0           | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0              | 0%          | 0         | 0%          | 0         | 0%          |
| Unsatisfactory                     | 0                     | 0%          | 0         | 0%          | 0         | 0%          | 0           | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0         | 0%          | 0              | 0%          | 0         | 0%          | 0         | 0%          |
| <b>Total</b>                       | <b>38</b>             | <b>100%</b> | <b>43</b> | <b>100%</b> | <b>25</b> | <b>100%</b> | <b>38</b>   | <b>100%</b> | <b>43</b> | <b>100%</b> | <b>25</b> | <b>100%</b> | <b>38</b> | <b>100%</b> | <b>43</b> | <b>100%</b> | <b>25</b> | <b>100%</b> | <b>38</b>      | <b>100%</b> | <b>43</b> | <b>100%</b> | <b>25</b> | <b>100%</b> |

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Graduation Exit Exam  
For the Year Ended June 30, 2010**

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Lake Forest Elementary Charter School is an elementary school; therefore, this schedule does not apply.

LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 iLEAP Test Results  
 For the Year Ended June 30, 2010

| District Achievement Level Results | English Language Arts |      |      |      | Mathematics |      |      |      | Science |      |      |      | Social Studies |      |      |      |
|------------------------------------|-----------------------|------|------|------|-------------|------|------|------|---------|------|------|------|----------------|------|------|------|
|                                    | 2010                  |      | 2009 |      | 2010        |      | 2009 |      | 2010    |      | 2009 |      | 2010           |      | 2009 |      |
|                                    | Nbr.                  | %    | Nbr. | %    | Nbr.        | %    | Nbr. | %    | Nbr.    | %    | Nbr. | %    | Nbr.           | %    | Nbr. | %    |
| Students                           | 19                    | 17%  | 8    | 20%  | 16          | 40%  | 8    | 8%   | 9       | 8%   | 3    | 8%   | 10             | 17%  | 1    | 3%   |
| Advanced                           | 34                    | 68%  | 25   | 62%  | 13          | 33%  | 23   | 58%  | 21      | 48%  | 20   | 48%  | 33             | 64%  | 36   | 87%  |
| Mastery                            | 13                    | 26%  | 7    | 18%  | 11          | 27%  | 36   | 50%  | 21      | 48%  | 15   | 36%  | 18             | 37%  | 4    | 10%  |
| Basic                              | 1                     | 2%   | 0    | 0%   | 0           | 0%   | 0    | 0%   | 1       | 2%   | 2    | 5%   | 1              | 2%   | 0    | 0%   |
| Approaching Basic                  | 0                     | 0%   | 0    | 0%   | 0           | 0%   | 1    | 1%   | 1       | 1%   | 0    | 0%   | 0              | 0%   | 0    | 0%   |
| Unsatisfactory                     | 0                     | 0%   | 0    | 0%   | 0           | 0%   | 0    | 0%   | 0       | 0%   | 0    | 0%   | 0              | 0%   | 0    | 0%   |
| Total                              | 60                    | 100% | 40   | 100% | 40          | 100% | 72   | 100% | 60      | 100% | 40   | 100% | 60             | 100% | 40   | 100% |

| District Achievement Level Results | English Language Arts |      |      |      | Mathematics |      |      |      | Science |      |      |      | Social Studies |      |      |      |
|------------------------------------|-----------------------|------|------|------|-------------|------|------|------|---------|------|------|------|----------------|------|------|------|
|                                    | 2010                  |      | 2009 |      | 2010        |      | 2009 |      | 2010    |      | 2009 |      | 2010           |      | 2009 |      |
|                                    | Nbr.                  | %    | Nbr. | %    | Nbr.        | %    | Nbr. | %    | Nbr.    | %    | Nbr. | %    | Nbr.           | %    | Nbr. | %    |
| Students                           | 4                     | 6%   | 6    | 9%   | 13          | 24%  | 5    | 9%   | 14      | 19%  | 5    | 9%   | 21             | 29%  | 2    | 4%   |
| Advanced                           | 33                    | 43%  | 20   | 37%  | 17          | 31%  | 8    | 16%  | 39      | 81%  | 25   | 49%  | 28             | 38%  | 21   | 30%  |
| Mastery                            | 37                    | 48%  | 28   | 52%  | 21          | 39%  | 30   | 60%  | 23      | 30%  | 22   | 43%  | 25             | 33%  | 28   | 39%  |
| Basic                              | 2                     | 3%   | 1    | 2%   | 2           | 4%   | 1    | 2%   | 2       | 3%   | 0    | 0%   | 1              | 1%   | 3    | 4%   |
| Approaching Basic                  | 0                     | 0%   | 0    | 0%   | 1           | 2%   | 0    | 0%   | 0       | 0%   | 1    | 2%   | 0              | 0%   | 0    | 0%   |
| Unsatisfactory                     | 0                     | 0%   | 0    | 0%   | 0           | 0%   | 0    | 0%   | 0       | 0%   | 0    | 0%   | 0              | 0%   | 0    | 0%   |
| Total                              | 78                    | 100% | 54   | 100% | 54          | 100% | 44   | 100% | 74      | 100% | 54   | 100% | 78             | 100% | 54   | 100% |

| District Achievement Level Results | English Language Arts |      |      |      | Mathematics |      |      |      | Science |      |      |      | Social Studies |      |      |      |
|------------------------------------|-----------------------|------|------|------|-------------|------|------|------|---------|------|------|------|----------------|------|------|------|
|                                    | 2010                  |      | 2009 |      | 2010        |      | 2009 |      | 2010    |      | 2009 |      | 2010           |      | 2009 |      |
|                                    | Nbr.                  | %    | Nbr. | %    | Nbr.        | %    | Nbr. | %    | Nbr.    | %    | Nbr. | %    | Nbr.           | %    | Nbr. | %    |
| Students                           | 4                     | 7%   | 0    | 0%   | 7           | 18%  | 6    | 15%  | 6       | 11%  | 0    | 0%   | 16             | 27%  | 1    | 3%   |
| Advanced                           | 27                    | 48%  | 14   | 30%  | 10          | 26%  | 6    | 15%  | 22      | 39%  | 13   | 33%  | 8              | 14%  | 6    | 15%  |
| Mastery                            | 28                    | 46%  | 25   | 64%  | 22          | 56%  | 28   | 63%  | 25      | 48%  | 22   | 57%  | 20             | 70%  | 20   | 67%  |
| Basic                              | 0                     | 0%   | 0    | 0%   | 0           | 0%   | 1    | 2%   | 3       | 5%   | 4    | 10%  | 4              | 10%  | 2    | 4%   |
| Approaching Basic                  | 0                     | 0%   | 0    | 0%   | 0           | 0%   | 2    | 5%   | 0       | 0%   | 0    | 0%   | 0              | 0%   | 0    | 0%   |
| Unsatisfactory                     | 0                     | 0%   | 0    | 0%   | 0           | 0%   | 0    | 0%   | 0       | 0%   | 0    | 0%   | 0              | 0%   | 0    | 0%   |
| Total                              | 66                    | 100% | 39   | 100% | 39          | 100% | 41   | 100% | 60      | 100% | 39   | 100% | 60             | 100% | 41   | 100% |

| District Achievement Level Results | English Language Arts |      |      |      | Mathematics |      |      |      | Science |      |      |      | Social Studies |      |      |      |
|------------------------------------|-----------------------|------|------|------|-------------|------|------|------|---------|------|------|------|----------------|------|------|------|
|                                    | 2010                  |      | 2009 |      | 2010        |      | 2009 |      | 2010    |      | 2009 |      | 2010           |      | 2009 |      |
|                                    | Nbr.                  | %    | Nbr. | %    | Nbr.        | %    | Nbr. | %    | Nbr.    | %    | Nbr. | %    | Nbr.           | %    | Nbr. | %    |
| Students                           | 6                     | 20%  | 5    | 13%  | 14          | 35%  | 4    | 10%  | 10      | 26%  | 4    | 10%  | 11             | 28%  | 14   | 35%  |
| Advanced                           | 18                    | 48%  | 13   | 33%  | 10          | 25%  | 6    | 16%  | 20      | 48%  | 18   | 47%  | 20             | 48%  | 23   | 57%  |
| Mastery                            | 14                    | 38%  | 22   | 54%  | 18          | 46%  | 30   | 76%  | 9       | 23%  | 16   | 40%  | 8              | 23%  | 3    | 8%   |
| Basic                              | 0                     | 0%   | 0    | 0%   | 0           | 0%   | 0    | 0%   | 1       | 3%   | 1    | 3%   | 0              | 0%   | 0    | 0%   |
| Approaching Basic                  | 0                     | 0%   | 0    | 0%   | 0           | 0%   | 0    | 0%   | 0       | 0%   | 0    | 0%   | 0              | 0%   | 0    | 0%   |
| Unsatisfactory                     | 0                     | 0%   | 0    | 0%   | 0           | 0%   | 0    | 0%   | 0       | 0%   | 0    | 0%   | 0              | 0%   | 0    | 0%   |
| Total                              | 60                    | 100% | 40   | 100% | 40          | 100% | 43   | 100% | 40      | 100% | 40   | 100% | 49             | 100% | 40   | 100% |

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Board of Directors  
For the Year Ended June 30, 2010**

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**Board Members**

**Compensation**

Mr. G. Lee Caston, President  
22124 Nolan Road  
Covington, LA 70435  
(985) 264-0182

\$-0-

Ms. Windi D. Brown, Advisory Director  
4007 St. Charles Avenue, Apt 308  
New Orleans, LA 70115  
(504) 915-9696

\$-0-

Ms. Denise Williams, Secretary  
5217 Citrus Boulevard, Apt R-132  
River Ridge, LA 70123  
(504) 324-7092

\$-0-

Mr. Donald Pate, Treasurer  
516 Beau Chen Drive  
Mandeville, LA 70471  
(504) 710-6518

\$-0-

Mrs. Gina Dupart  
6652 Manchester Road  
New Orleans, LA 70126  
(504) 710-6518

\$-0-

Mrs. Leila Eames  
5820 Eastover Drive South  
New Orleans, LA 70128  
(504) 259-7956

\$-0-

Mr. Norman Robinson  
324 Delaronde Street  
New Orleans, LA 70114  
(504) 650-0875

\$-0-

# Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA  
Craig A. Silva, CPA\*  
Thomas A. Gurtner, CPA\*  
Kenneth J. Abney, CPA, MS Tax\*  
\*Limited Liability Companies

## **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  
Lake Forest Elementary Charter School  
New Orleans, Louisiana

We have audited the financial statements of Lake Forest Elementary Charter School (the School), a non-profit corporation, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 27, 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 Lake Forest Elementary Charter 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.

*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 School's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

4565 LaSalle St., Ste. 300  
Mandeville, LA 70471  
Phone: (985) 626-8299  
Fax: (985) 626-9767

Limited Liability Company  
[www.silva-cpa.com](http://www.silva-cpa.com)

4330 Dumaine Street  
New Orleans, LA 70119  
Phone: (504) 833-2436  
Fax: (504) 484-0807

### **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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of management of Lake Forest Elementary Charter School, 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.

*Silva Gurtner & Abney*

September 27, 2010

# Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA  
Craig A. Silva, CPA\*  
Thomas A. Gurtner, CPA\*  
Kenneth J. Abney, CPA, MS Tax\*  
\*Limited Liability Companies

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133

To the Board of Directors  
Lake Forest Elementary Charter School  
New Orleans, Louisiana

### Compliance

We have audited the compliance of the Lake Forest Elementary Charter School (the School), a non-profit corporation, 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, 2010. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with 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 for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (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 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, 2010.

4565 LaSalle St., Ste. 300  
Mandeville, LA 70471  
Phone: (985) 626-8299  
Fax: (985) 626-9767

Limited Liability Company  
[www.silva-cpa.com](http://www.silva-cpa.com)

4330 Dumaine Street  
New Orleans, LA 70119  
Phone: (504) 833-2436  
Fax: (504) 484-0807

## 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 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.

*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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, the Orleans Parish School Board, the federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Silva Gurtner & Abney*

September 27, 2010

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2010**

| Federal Grantor/Pass-Through Grantor<br>Program Title           | CFDA<br>Number | Expenditures      |
|---|----------------|-------------------|
| United States Department of Education                           |                |                   |
| Passed through the Orleans Parish School Board                  |                |                   |
| Title I Part A - Grants to Local Educational Agencies           | 84.010         | \$ 399,554        |
| Title II Part A - Teacher and Principal Training and Recruiting | 84.367         | 3,841             |
| Title IV Part A - Safe and Drug-Free Schools                    | 84.186         | 11,304            |
| Title V Part A - Innovative Education Program Strategies        | 84.298         | 30,127            |
| State Fiscal Stabilization Fund (SFSF) - Recovery Act           | 84.394A        | 50,626            |
| Hurricane Educator Assistance Program (HEAP)                    | 84.938K        | 20,253            |
| United States Department of Agriculture                         |                |                   |
| Passed through the Louisiana Department of Education            |                |                   |
| National School Lunch Program                                   | 10.555         | 164,880           |
| ARRA National School Lunch Equipment Program                    | 10.579         | <u>7,673</u>      |
| <b>Total</b>  |                | <u>\$ 688,258</u> |

The accrual basis of accounting is used for reporting purposes.

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010**

**Note 1 - Summary of Significant Accounting Policies**

**a. Basis of Presentation**

This schedule includes the federal grant activity of Lake Forest Elementary Charter 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 Organization*.

**Note 2 - Reconciliation of federal grant revenue to expenditures of federal awards**

|   |                   |
|---|-------------------|
| Federal Grants  | \$ 656,798        |
| State Public School Funding - ARRA portion            | 50,626            |
| Prior year disallowed expenditures identified in 2010 | <u>(19,166)</u>   |
| Total Federal Grants Revenue                          | <u>\$ 688,258</u> |

**LAKE FOREST ELEMENTARY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010**

**Section I - Summary of Auditors' Results**

Financial Statements

|  |             |                                 |
|--|-------------|---------------------------------|
| Type of auditors' report issued:   | Unqualified |                                 |
| Internal control over financial reporting:                                       |             |                                 |
| Material weaknesses identified?  | _____ yes   | _____ <u>X</u> no               |
| Significant deficiencies identified<br>not considered to be material weaknesses? | _____ yes   | _____ <u>X</u> none<br>reported |
| Noncompliance material to financial statements<br>noted?                         | _____ yes   | _____ <u>X</u> no               |

Federal Awards

|  |             |                                 |
|--|-------------|---------------------------------|
| Internal control over major programs:  |             |                                 |
| Material weaknesses identified?  | _____ yes   | _____ <u>X</u> no               |
| Significant deficiencies identified<br>not considered to be material weaknesses?   | _____ yes   | _____ <u>X</u> none<br>reported |
| Type of auditors' report issued on compliance<br>for major programs:   | Unqualified |                                 |
| Any audit findings disclosed that are required<br>to be reported in accordance with<br>Circular A-133, Section .510 (a)? | _____ yes   | _____ <u>X</u> no               |

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010

Title I - Grants to Local Educational Agencies - Part A

|   |                        |          |
|---|------------------------|----------|
| Dollar threshold used to distinguish<br>between Type A and Type B programs: | _____ <u>\$300,000</u> |          |
| Auditee qualified as low-risk audit?  | _____ <u>X</u> yes     | _____ no |

**Section II - Internal Control and Compliance - Government Auditing Standards**

No findings or questioned costs for the year ended June 30, 2010.

**Section III - Internal Control and Compliance - Major Federal Programs**

No findings or questioned costs for the year ended June 30, 2010.