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INTERNATIONAL SCHOOL OF LOUISIANA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

June 30, 2002

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 / 22 / 03

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Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
International School of Louisiana
New Orleans, Louisiana

We have audited the accompanying statement of financial position of International School of Louisiana (a nonprofit organization) as of June 30, 2002 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International School of Louisiana as of June 30, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

An audit was performed for the purpose of forming an opinion on the financial statements of International School of Louisiana. The accompanying supplemental information is presented for the purposes of *additional analysis and is not a required part of the financial statements*. Such information has been subjected to the auditing procedures applied to the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

November 18, 2002

Smith, Huval & Associates, L.L.C.

INTERNATIONAL SCHOOL OF LOUISIANA

STATEMENT OF FINANCIAL POSITION

June 30, 2002

ASSETS

Current Assets	
Cash and cash equivalents	\$ 27,519
Grants receivable	109,035
Other receivables	10,653
Prepaid expenses	<u>15,243</u>
Total current assets	162,450
Property, Plant and Equipment	
Computers and equipment	73,475
Furniture and fixtures	16,725
Leasehold improvements	<u>34,171</u>
Total at cost	124,371
Less accumulated depreciation	<u>(9,192)</u>
Net property, plant and equipment	115,179
Other Assets	
Deposits	<u>2,500</u>
	<u>\$ 280,129</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 7,417
Accrued payroll liabilities	63,136
Current maturities of note payable	9,091
Deferred revenue	<u>14,050</u>
Total current liabilities	93,694
Long-term Liabilities	
Note payable, net of current portion	<u>24,947</u>
Total other liabilities	<u>24,947</u>
Total liabilities	118,641
Net assets - unrestricted	<u>161,488</u>
	<u>\$ 280,129</u>

The accompanying notes are an integral part of this statement.

INTERNATIONAL SCHOOL OF LOUISIANA

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2002

	<u>Unrestricted</u>
Support and Revenue	
State public school funding	\$ 888,109
Other state funding	58,350
Federal sources	106,370
Other income	<u>90,892</u>
Total support and revenue	1,143,721
Expenses	
Instruction	
Regular education programs	584,370
Support services	
Pupil support	5,325
Instructional staff support	46,495
General administration	42,658
School administration	134,048
Business services	25,474
Operation and maintenance of plant	120,330
Central services	260
Food service	93,199
Community service	16,728
Debt service	
Capital lease - interest	<u>129</u>
Total expenses	<u>1,069,016</u>
Change in net assets	74,705
Net assets - beginning	<u>86,783</u>
Net assets - ending	<u>\$ 161,488</u>

The accompanying notes are an integral part of this statement.

INTERNATIONAL SCHOOL OF LOUISIANA

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2002

Cash Flows From Operating Activities:	
Increase in net assets	\$ 74,705
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	7,015
Increase in grants receivable	(41,908)
Increase in other receivables	(10,291)
Increase in prepaid expenses	(12,743)
Increase in accounts payable	3,989
Increase in accrued payroll liabilities	36,934
Increase in deferred revenue	<u>8,275</u>
Total adjustments	<u>(8,729)</u>
Net cash provided by operating activities	65,976
Cash Flows From Investing Activities:	
Purchase of fixed assets	<u>(103,182)</u>
Net cash used by investing activities	(103,182)
Cash Flows From Financing Activities:	
Proceeds from notes payable	36,311
Payments on notes payable	(2,273)
Payments on capital lease obligations	<u>(2,250)</u>
Net cash provided by financing activities	<u>31,788</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,418)
Cash and cash equivalents at beginning of year	<u>32,937</u>
Cash and cash equivalents at end of year	<u>\$ 27,519</u>

The accompanying notes are an integral part of this statement.

INTERNATIONAL SCHOOL OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

International School of Louisiana (the School) was created as a non-profit corporation under the laws of the State of Louisiana on December 13, 1999. The School entered into a Charter School Contract with the Louisiana State Board of Elementary and Secondary Education beginning March 20, 2000 under which the School operates a Type II charter school as defined in Louisiana Revised Statutes 17:3971, et.seq. The School serves eligible students in kindergarten through second grade primarily from the parishes of Orleans, Jefferson, St. Tammany, St. Charles and St. Bernard.

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

1. Financial Statement Presentation

The School follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby 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.

2. 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 International School of Louisiana are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

3. Revenues

The School's primary source of funding is through the State Public School Fund. The School receives \$5,672 per eligible student in attendance on October 1, payable in monthly installments. The October 1 student count is audited by the Louisiana Department of Education. Adjustments are made in the following year. State and federal grants are on a cost reimbursement basis. Accrual is made when eligible expenses occur.

INTERNATIONAL SCHOOL OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fixed Assets and Depreciation

Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments which naturally add to the value of related assets or materially extend the useful life of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation of fixed assets is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation expense totaled \$7,015 for the year ended June 30, 2002. The following are the estimated useful lives of the fixed assets of the School.

	<u>Useful Lives</u>
Leasehold improvements	10-40
Computers and equipment	5-7
Furniture and fixtures	5-7

5. Income Taxes

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization.

6. Statement of Cash Flows

For purposes of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be a cash equivalent.

7. 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.

8. Concentrations

The School received 88% of its revenues in the year ended June 30, 2002 from the State of Louisiana subject to its charter school contract with the State. Financial instruments that potentially subject the School to concentrations of credit risk consist of cash in excess of federally insured limits of \$10,929.

INTERNATIONAL SCHOOL OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE B - CASH AND CASH EQUIVALENTS

As of June 30, 2002 cash consists of demand deposits in a local bank of \$27,519.

NOTE C - GRANTS RECEIVABLE

As of June 30, 2002 grants receivable consisted of amounts due from the following sources:

Second Year Charter School Grant	\$ 60,000
Title I	38,588
Title II	856
Title IV	260
Title VI	320
K-3 Reading/Math Initiative	5,161
Class Size Reduction	<u>3,850</u>
	<u>\$ 109,035</u>

NOTE D - NOTE PAYABLE

At June 30, 2002, the School was obligated under the following agreement:

Note payable to Qualified Zone Academy Bond dated February 1, 2002, payable in quarterly installments of \$2,273. The loan proceeds are advanced on a reimbursement basis for qualified expenditures made by the School up to \$125,000. As of June 30, 2002, a total of \$36,311 of loan proceeds have been advanced on this note. The note is non-interest bearing.

\$ 34,038

Principal payments required in future years as of June 30, 2002 are as follows:

Year Ending <u>June 30,</u>	
2003	\$ 9,091
2004	9,091
2005	9,091
2006	<u>6,765</u>
Total	<u>\$ 34,038</u>

INTERNATIONAL SCHOOL OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE E - OPERATING LEASE COMMITMENTS

The School leases building space under an operating lease. The monthly rental for the building is \$4,000 until July 31, 2002. The monthly rental increases to \$5,000 starting August 1, 2002 through the remaining term of the lease, which expires July 2005. Future minimum lease payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2003	\$ 59,000
2004	60,000
2005	60,000
2006	<u>5,000</u>
Total	<u>\$ 184,000</u>

NOTE F - INSURANCE COVERAGE

As of June 30, 2002, the School had the following insurance policies in effect:

<u>Type of Coverage</u>	<u>Expiration</u>	<u>Coverage Limits</u>
General liability	August 4, 2002	Aggregate \$3,000,000 Each occur. \$1,000,000 Injury \$1,000,000
Workmen's Compensation	August 12, 2002	Statutory
Professional liability	March 19, 2003	Aggregate \$1,000,000 Each occur. \$1,000,000

NOTE G - ANNUAL FINANCIAL REPORT RECONCILIATION

The School has submitted an Annual Financial Report to the Louisiana Department of Education for the year ended June 30, 2002. The following is a reconciliation between total expenses reported on the Annual Financial Report and total expenses presented in these financial statements.

INTERNATIONAL SCHOOL OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE G - ANNUAL FINANCIAL REPORT RECONCILIATION (Continued)

Annual Financial Report Reconciliation:

Total expenses per Annual Financial Report \$ 1,186,657

Reconciling items:

Depreciation of fixed assets	7,015
Principal payments on debt	(4,524)
Capitalization of fixed assets	(103,182)
Accrual of payroll	6,381
Prepaid expenses	(13,795)
Contributed services	6,052
Miscellaneous expenses	489
Prior year payroll accrual	(19,217)
Accrual of additional accounts payable	<u>3,140</u>

Total expenses per financial statements \$ 1,069,016

NOTE H - RETIREMENT PLANS

International School of Louisiana offers a defined contribution plan covering all employees upon the completion of 30 days of service with the school. Funding of the retirement plan is derived from two sources. The school contributes 6% of all covered employees' salaries annually. Also, all employees have the option to contribute up to the maximum as permitted under section 403(b) of the Internal Revenue Code to the plan through a payroll deduction at no expense to the school. Pension expense amounted to \$28,730 for the fiscal year ending June 30, 2002.

NOTE I - FIXED ASSETS

Depreciation expense for the year ended June 30, 2002 was \$7,015.

All assets acquired with Department of Education funds are owned by the school while used in the purpose for which it was purchased. The 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.

SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:515 - PERFORMANCE AND STATISTICAL DATA)

Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES TO THE MANAGEMENT OF INTERNATIONAL SCHOOL OF LOUISIANA

To the Board of Directors
International School of Louisiana
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 International School of Louisiana 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 International School of Louisiana 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. 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 supplemental information 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 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

To the Board of Directors
International School of Louisiana

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals and Full-time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to School supporting payroll records as of October 1.
3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals and Full-time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced each of the teachers to the individual’s personnel file to determine if the individual’s education level was properly classified on the schedule.

Findings:

None

Number and Type of Public Schools (Schedule 3)

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

Findings:

None

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

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

To the Board of Directors
International School of Louisiana

Public Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced each 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

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

Findings:

None

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We 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) for the 21st Century (Schedule 7)

10. Not applicable.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. Not applicable.

The IOWA Tests (Schedule 9)

12. Not applicable.

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.

To the Board of Directors
International School of Louisiana

This report is intended solely for the use of management of the International School of Louisiana, *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.

Smith, Heval & Associates, L.L.C.

November 18, 2002

INTERNATIONAL SCHOOL OF LOUISIANA

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

As of and for the Year Ended June 30, 2002

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 principal's 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 Teachers 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. This data is currently reported to the Legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

Not applicable.

Schedule 8 - The Graduation Exit Exam

Not applicable.

Schedule 9 - The IOWA Tests

Not applicable.

INTERNATIONAL SCHOOL OF LOUISIANA

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES

For the Year Ended June 30, 2002

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	390,026	
Other Instructional Staff Activities		7,037	
Employee Benefits		81,678	
Purchased Professional and Technical Services		4,464	
Instructional Materials and Supplies		52,545	
Instructional Equipment		53,737	
Total Teacher and Student Interaction Activities	\$		589,487

Other Instructional Activities 0

Pupil Support Activities		2,426	
Less: Equipment for Pupil Support Activities		0	
Net Pupil Support Activities			2,426

Instructional Staff Services		20,035	
Less: Equipment for Instructional Staff Services		0	
Net Instructional Staff Services			20,035

Total General Fund Instructional Expenditures \$ 611,948

Total General Fund Equipment Expenditures \$ 53,737

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$	0
Renewable Ad Valorem Tax		0
Debt Service Ad Valorem Tax		0
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		0
Sales and Use Taxes		0
Total Local Taxation Revenue	\$	0

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$	0
Earnings from Other Real Property		0
Total Local Earnings on Investment in Real Property	\$	0

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$	0
Revenue Sharing - Other Taxes		0
Revenue Sharing - Excess Portion		0
Other Revenue in Lieu of Taxes		0
Total State Revenue in Lieu of Taxes	\$	0

Nonpublic Textbook Revenue \$ 0

Nonpublic Transportation Revenue \$ 0

INTERNATIONAL SCHOOL OF LOUISIANA
EDUCATION LEVELS OF PUBLIC SCHOOL STAFF

As of October 1, 2001

Schedule 2

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	9	90.00%	1	50.00%				
Master's Degree			1	50.00%			1	50%
Master's Degree + 30								
Specialist in Education								
Ph. D. or Ed. D.	1	10.00%					1	50%
Total	10	100.00%	2	100.00%			2	100.00%

INTERNATIONAL SCHOOL OF LOUISIANA
NUMBER AND TYPE OF PUBLIC SCHOOLS

For the Year Ended June 30, 2002

Schedule 3

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

INTERNATIONAL SCHOOL OF LOUISIANA

EXPERIENCE OF PUBLIC PRINCIPALS AND FULL-TIME CLASSROOM TEACHERS

As of October 1, 2001

Schedule 4

	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	0	2	6	0	0	4	0	12
Total	0	3	6	0	0	4	1	14

INTERNATIONAL SCHOOL OF LOUISIANA

PUBLIC SCHOOL STAFF DATA

For the Year Ended June 30, 2002

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	30,155	30,155
Average Classroom Teachers' Salary Excluding Extra Compensation	30,155	30,155
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	12	12

INTERNATIONAL SCHOOL OF LOUISIANA

CLASS SIZE CHARACTERISTICS

As of October 1, 2001

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	29%	2	71%	5				
Elementary Activity Classes			100%	7				
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

INTERNATIONAL SCHOOL OF LOUISIANA

LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP) FOR THE 21ST CENTURY

For the Year Ended June 30, 2002

Schedule 7

This schedule does not apply to International School of Louisiana.

INTERNATIONAL SCHOOL OF LOUISIANA
THE GRADUATION EXIT EXAM FOR THE 21ST CENTURY

For the Year Ended June 30, 2002

Schedule 8

This schedule does not apply to International School of Louisiana.

INTERNATIONAL SCHOOL OF LOUISIANA

THE IOWA TESTS

For the Year Ended June 30, 2002

Schedule 9

This schedule does not apply to International School of Louisiana.

SUPPLEMENTAL INFORMATION

INTERNATIONAL SCHOOL OF LOUISIANA

SCHEDULE OF BOARD OF DIRECTORS

June 30, 2002

BOARD MEMBERS

COMPENSATION

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
International School of Louisiana
New Orleans, Louisiana

We have audited the financial statements of International School of Louisiana (a nonprofit organization) as of and for the year ended June 30, 2002 and have issued our report thereon dated November 18, 2002. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered International School of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, the Board of Directors, the Louisiana Legislative Auditor and the Louisiana Department of Education and is not intended for and should not be used by other than those specified parties.

Smith, Huval & Associates, L.L.C.

November 18, 2002