

BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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JOSEPH V. FRANKS II, C.P.A.

RECEIVED
LEGISLATIVE AUDITOR

NICHOLAS F. CHETTA, C.P.A.

2011 JUL -5 AM 9:45 NICHOLAS W. LAFRANZ III, C.P.A.

JAMES L. WHITE, C.P.A.

July 1, 2011

Mr. Daryl Purpera, CPA, CFE
Louisiana Legislative Auditor
State of Louisiana
1600 North Third Street
Baton Rouge, Louisiana 70802

Dear Mr. Purpera:

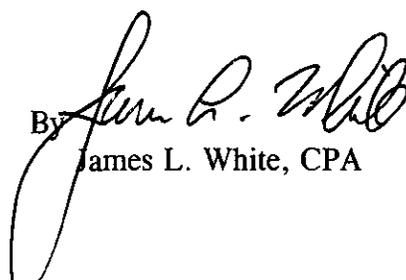
In accordance with your request we enclosed one (1) revised unbound copy of the Financial Statements of Lagniappe Academies of New Orleans, Inc., for the year ended June 30, 2010.

Note 6 was revised to indicate that the \$499,462 of contributions was received from the Walton Family Foundation and not from Lagniappe Project New Orleans, Inc. as originally stated. If you have any question, please give us a call.

Very truly yours,

BERNARD & FRANKS
A CORPORATION OF CPA'S

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.

By 
James L. White, CPA

Release Date 7/27/11

JLW/srd

Enclosures

Cc: John Lovell

**LAGNIAPPE ACADEMIES
OF NEW ORLEANS, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2010

REISSUE

LAGNAIPPE ACADEMIES OF NEW ORLEANS, INC.

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JAMES L. WHITE, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lagniappe Academies of New Orleans, Inc.
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Lagniappe Academies of New Orleans, Inc., as of June 30, 2010, and the related statement of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Academy'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. 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 Lagniappe Academies of New Orleans, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 14, 2011 on our consideration of Lagniappe Academies of New Orleans, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Bernard & Franks

January 14, 2011
(Except for Note 6 which is dated May 18, 2011)

-1-

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

ASSETS	Amount
CURRENT ASSETS	
Cash and cash equivalents	\$ 292,221
Total current assets	<u>\$ 292,221</u>
PROPERTY AND EQUIPMENT	\$ 50,387
Less accumulated depreciation	(902)
	<u>\$ 49,485</u>
 Total assets	 <u><u>\$ 341,706</u></u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 50,726
Accrued salaries payable and related expenses	4,451
Total current liabilities	<u>\$ 55,177</u>
 NET ASSETS	
Unrestricted	\$ 286,529
Total net assets	<u>\$ 286,529</u>
 Total liabilities and net assets	 <u><u>\$ 341,706</u></u>

See Notes to Financial Statements.

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR END JUNE 30, 2010

	Amount
UNRESTRICTED NET ASSETS	
Unrestricted revenues and gains	
Contributions	
Walton Family Foundation	\$ 499,462
Lagniappe Project of New Orleans	30,000
In kind contributed facilities	6,744
Grants:	
State and local	154,172
Interest	687
Total unrestricted revenues and gains	\$ 691,065
Expenses	
Program services	\$ 48,751
Supporting services	
Management and general	405,137
Total expenses	\$ 453,888
Change in unrestricted net assets	\$ 237,177
NET ASSETS, BEGINNING OF THE YEAR	49,352
NET ASSETS, END OF THE YEAR	\$ 286,529

See Notes to Financial Statements.

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services		Total
	Education Program	General and Administrative	
Compensation and related expenses			
Compensation	\$ 2,480	\$ 214,175	\$ 216,655
Employee benefits	761	14,806	15,567
Payroll taxes	174	22,580	22,754
Total compensation	<u>\$ 3,415</u>	<u>\$ 251,561</u>	<u>\$ 254,976</u>
Advertisement	\$ 6,021	\$ 159	\$ 6,180
Books	677	-	677
Community relations and research	-	29,230	29,230
Depreciation	-	902	902
Fees	-	1,609	1,609
In kind rental expense	-	6,744	6,744
Insurance	-	8,329	8,329
Legal	-	35,074	35,074
Non capital equipment	1,487	1,536	3,023
Occupancy	-	3,372	3,372
Other expenses	45	261	306
Postage and telecommunication	-	5,848	5,848
Printing	748	414	1,162
Professional services	28,893	49,502	78,395
Recruiting	4,590	-	4,590
Supplies	2,875	532	3,407
Travel	-	10,064	10,064
Total expenses	<u>\$ 48,751</u>	<u>\$ 405,137</u>	<u>\$ 453,888</u>

See Notes to Financial Statements.

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	Amount
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 237,177
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	902
Increase (decrease) in operating liabilities:	
Accounts payable	50,726
Accrued salaries payable and related expenses	4,451
Net cash provided by operating activities	\$ 293,256
 CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for property and equipment	\$ (50,387)
Net cash used by investing activities	\$ (50,387)
Net increase in cash and cash equivalents	\$ 242,869
Beginning cash and cash equivalents	49,352
Ending cash and cash equivalents	\$ 292,221

See notes to financial statements.

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Lagniappe Academies of New Orleans, Inc., incorporated on September 29, 2008, is an educational institution organized to provide young people with the education and skills needed in a community-centered, neighborhood Academy. The Academy's mission is to promote academic excellence, resilience, and self-awareness in New Orleans' children. By partnering with families, community organizations, and other institutions that share our core beliefs, Lagniappe Academies inspires students to embrace new opportunities and realize their potential.

The Louisiana Board of Elementary and Secondary Education approved the granting of a type 5 charter to the School as defined in LA R.S. 17:3971.

Basis of Accounting

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States on the accrual basis of accounting. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consists of unrestricted balances. Unrestricted cash balances represent cash available for general operating purposes. For the purpose of statements of cash flows, the Academy considers all highly liquid investments available for current use with a maturity of three months or less to be cash equivalents.

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (continued)

The Academy maintains its cash balances in three different financial institutions located in New Orleans, Louisiana. Effective October 3, 2008, the FDIC insured amount was increased to \$250,000 for interest bearing accounts and unlimited for non-interest bearing accounts per institution through December 3, 2012. After December 31, 2012, the FDIC insured amount will be \$100,000. At June 30, 2010, the Academy's uninsured cash balances total \$45,634.

Receivables

Receivables will be stated at the amount management expects to collect from outstanding balances. There were no receivables at June 30, 2010.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Academy that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

All promises to give are recognized as assets and revenues. There were no promises to give at June 30, 2010.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in excess of \$1,500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the assets. State funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Academy also follows the recommendations included in SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. As of June 30, 2010, the Academy has not received any contributions with donor-imposed restrictions that resulted in temporarily or permanently restricted net assets.

Revenues from federal and state grants will be recorded when the Academy has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the Academy, or when earned under the terms of the grants.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Academy benefited from donated use of its administrative facility, which was valued at \$6,744 during the year ended June 30, 2010.

These amounts have been reported as both in-kind contribution revenue and in-kind rent expense on the statements of activities. The Academy recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Concentration of Grants and Award

The Academy's primary source of revenue is from Walton Family Foundation. For the fiscal year ended June 30, 2010, \$499,462 or 72% of the Academy's gross revenue was from Walton Family Foundation. Additionally, \$154,172 or 23% of the total gross revenue was received from the Louisiana Department of Education and \$687 or less than 1% was interest income.

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the Academy has classified its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions.

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

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

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

Permanently Restricted Net Assets - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the Academy. Generally, the donors of these assets permit the Academy to use all or part of the income derived from the investment of these contributions.

Income Taxes

The Academy is a non-profit Organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Expense Allocation

Functional expenses are allocated into two categories. These include program services and general and administrative services and are based upon actual use or management's best estimate.

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2010</u>
Computers and related equipment	\$ 9,101
Construction in progress	<u>41,625</u>
	50,726
Less: Accumulated depreciation	<u>(902)</u>
	<u>\$ 49,824</u>

Depreciation expense charged to activities was \$902 for the year ended June 30, 2010.

NOTE 3. GRANTS

The Louisiana Department of Education will provide funding, when the Academy is in operation, which is determined on an annual basis based on the number of pupils enrolled during the Academy year. Revenues received by the Louisiana Department of Education are from sales tax revenues, ad valorem taxes, and other sources which are allocated to each Academy based on its enrollment.

NOTE 4. LEASEHOLD INTEREST

Lagniappe Academies of New Orleans, Inc. leases its administrative office space under the terms of a lease agreement accounted for as an operating lease. The lease term is from February 6, 2009 to August 6, 2010 with fixed monthly lease payments of \$1,686. The administrative office is a shared space between Lagniappe Academies of New Orleans, Inc. and Lagniappe Project of New Orleans, Inc. (a related organization). Lease expenses for the year ended June 30, 2010, was \$3,372. The remaining \$16,858 was paid by Lagniappe Project of New Orleans, Inc.

NOTE 5. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 14, 2011, which is the date the financial statements were available to be issued.

The Academy renewed the shared administrative office space lease for an additional twelve months at the same monthly rate of \$1,686.

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5. SUBSEQUENT EVENTS (CONTINUED)

The Academy entered into a short term lease to rent an educational facility for the beginning of the 2010 Academy year. The lease term was from September 6, 2010 to October 22, 2010. The payments due were \$3,000 a week.

The Academy entered into another lease agreement for the land in which it will operate the Academy commencing on August 1, 2010 and terminating on July 31, 2011. The fixed rent is in the amount of \$11,750 per calendar quarter or \$47,000 a year. The quarterly rent is payable on the day of each and every calendar quarter. The lease contains an option to extend the lease for two consecutive one year terms. The first year option has a fixed rent amount of \$12,220 a quarter or \$48,880 a year. The second year option has a fixed rent amount of \$12,709 a quarter or \$50,836 a year.

The Academy is in the process of constructing its future site that was available for occupancy on January 3, 2011. Lagniappe Academies of New Orleans, Inc. purchased modular buildings for \$744,350 and will spend approximately \$650,000 for other construction on the property.

NOTE 6. RELATED PARTY TRANSACTIONS

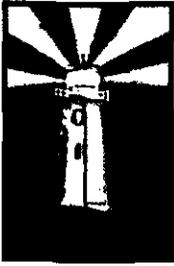
The Academy received \$30,000 from Lagniappe Project of New Orleans, Inc. Three board members from the Academy also serve on Lagniappe Project of New Orleans, Inc.'s board of directors. The two organizations share a common focus on improving the lives of the citizens that will attend the Academy.

The Academy and Lagniappe Project of New Orleans, Inc. shared a leased administrative office space for the year ended June 30, 2010. Lagniappe Project of New Orleans, Inc. paid \$6,744 of Lagniappe Academies of New Orleans, Inc.'s portion.

NOTE 7. ACCOUNTING FOR UNCERTAIN TAX POSITIONS

In June 2006, the FASB issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes." FIN 48 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. On December 30, 2008, the FASB issued FASB Staff Position FIN 48-3 which deferred the effective implementation date of FIN 48 to the Academy's annual financial statements ending on June 30, 2010 and the Academy has elected to defer application of FIN 48. The Academy does not expect that the adoption of FIN 48 will have a material effect on its financial position, results of operations or cash flows.

OTHER AUDITORS' REPORTS



BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS F. CHETTA, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

JAMES L. WHITE, C.P.A.

**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
Lagniappe Academies of New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of Lagniappe Academies of New Orleans, Inc., for the year ended June 30, 2010, and have issued our report thereon, dated January 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Academy'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 Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as item 10-01 that we consider to be a material weakness, as defined above.

Compliance and Other Matters

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

The Academy's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the Academy's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, and 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Metairie, Louisiana
January 14, 2011

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010

Section I – Summary of Auditor’s Report

a) Financial Statements

Type of auditor’s report issued: unqualified

Internal control over financial reporting

- Material Weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness yes no
- Noncompliance material to the financial statements noted? yes no

b) Federal Awards

Lagniappe Academies of New Orleans, Inc. did not receive federal awards in excess of \$500,000 during the year ended in June 30, 2010 and, therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non- Profit Organizations.

**Section II – Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

10-01 Lack of Segregation of Duties

Criteria- Adequate internal controls relating to cash receipts, cash disbursements, bank deposits, payroll, general ledger posting and bank reconciliations require that specific procedures be in place to ensure that transactions are properly accounted for and that there are no misappropriations of the Lagniappe Academies of New Orleans, Inc.’s assets.

Condition- Incoming cash receipts are deposited and posted to the general ledger by the same employee. Vendor invoices are receive and paid by the same employee. Payroll is administered by the same employee. The same employee also receives the bank statements and reconciles them without oversight.

Cause- Lack of segregation of duties was due to this being the Academy’s first year of operations. There were not enough employees to implement segregation of duties.

LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010

**Section II – Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (CONTINUED)**

Internal Control Over Financial Reporting (CONTINUED)

10-01 Lack of Segregation of Duties (CONTINUED)

Effect- The lack of adequate internal controls from the inability to segregate duties could result in the Academy assets being misappropriated and/or the financial statements being materially misstated.

Recommendation- Lagniappe Academies of New Orleans, Inc. should implement adequate internal controls relating to the cash receipts function and cash reconciliation process in the form of segregation of duties. There should be management oversight to ensure that the Academy is complying with its policies and procedures and to ensure that the Academy's assets are not misappropriated.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical. -None

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2010.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

**LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2009**

This does not apply to Lagniappe Academies of New Orleans, Inc. because this is the Academy's first year of operations and their first audit.

REPORT BY MANAGEMENT

**LAGNIAPPE ACADEMIES OF NEW ORLEANS, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

10-01 Lack of Segregation of Duties

Recommendation- We recommend the Academy consider having other personnel involved in the accounting function.

Management's Corrective Action Plan- The Academy has hired new personnel for the new fiscal year and has implemented the recommended procedures to ensure segregation of duties.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2010.

Section II - Internal Control And Compliance Material to Federal Awards

Lagniappe Academies of New Orleans, Inc. did not receive federal awards in excess of \$500,000 during the year ended in June 30, 2010 and, therefore, is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non- Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2010.