

ESPERANZA CHARTER SCHOOL ASSOCIATION

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2008

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

Release Date 3/4/09

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Esperanza Charter School Association

We have audited the accompanying statement of financial position of the **Esperanza Charter School Association (ECSA)** (a not-for-profit corporation) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of **ECSA**. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **ECSA** as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2008 on our consideration of ECSA internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of ECSA taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 19, 2008



ESPERANZA CHARTER SCHOOL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS

Cash	\$ 402,471
Grants receivable	613,636
Equipment, net (NOTE 2)	<u>3,649</u>
Total assets	<u>\$1,019,756</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 436,067
Accrued liabilities	60,549
Obligation under capital lease	3,178
Deferred revenue	<u>67,317</u>
Total liabilities	<u>567,111</u>
Net assets:	
Unrestricted (NOTE 1)	<u>452,645</u>
Total net assets	<u>452,645</u>
Total liabilities and net assets	<u>\$1,019,756</u>

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES

Local Sources:

Per pupil aid - MFP (NOTE 1)	\$1,407,812
Grant	162,683
Contributions	26,372
Miscellaneous	<u>79</u>

Total revenues from local sources 1,596,946

State Sources:

Per pupil aid - MFP (NOTE 1)	1,109,522
Grants	<u>247,316</u>

Total revenues from state sources 1,356,838

Federal sources

673,020

Total revenues 3,626,804

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

(CONTINUED)

ESPERANZA CHARTER SCHOOL ASSOCIATION
STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

EXPENSES

Instruction:	
Regular	\$1,172,301
Special	<u>446,459</u>
Sub-total	<u>1,618,760</u>
Support Services:	
Pupil	49,383
Instructional staff	5,377
School administration	322,984
Business services	13,773
Operation and maintenance of plant	280,096
Student transportation services	388,784
Central services	381,189
Food service	29,633
Community service	<u>84,180</u>
Sub-total	<u>1,555,399</u>
Total expenses	<u>3,174,159</u>
Change in net assets	452,645
Unrestricted net assets, beginning of year	<u>-0-</u>
Unrestricted net assets, end of year	<u>\$ 452,645</u>

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 452,645
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	589
Increase in grants receivable	(613,636)
Increase in accrued liabilities	60,549
Increase in accounts payable	436,067
Increase in deferred revenue	<u>67,317</u>
Net cash provided by operating activities	<u>403,531</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on obligation under capital lease	<u>(1,060)</u>
Net cash used in financing activities	<u>(1,060)</u>
Increase in cash	402,471
Cash, beginning of year	<u>-0-</u>
Cash, end of year	<u>\$ 402,471</u>

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

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

General

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

During the 2008 school year, **ECSA** served kindergarten through eighth grades, with an enrollment of 375 students.

Basis of Accounting

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

Use of Estimates

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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

Equipment

Equipment of **ECSA** with a cost of \$1,000 or more is recorded as assets (capitalized) and is stated at historical costs if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset.

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

Grant Revenue

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

Grants Receivable

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

Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include all highly liquid instruments purchased with original maturities of three (3) months or less. **ECSA** had no cash equivalents at June 30, 2008.

ESPERANZA CHARTER SCHOOL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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

Income Taxes

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

Financial Statement Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations", ECSA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

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

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

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

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

At June 30, 2008, ECSA has no temporarily or permanently restricted net assets.

ESPERANZA CHARTER SCHOOL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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

Contributions

In accordance with Statement of Financial Accounting Standards (SFAS) No 116, "Accounting for Contributions Received and Contributions Made", unconditional promises to give (pledges) should be recorded as receivable and revenues and ECSA is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

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

Minimum Foundation Program (MFP)

ECSA, as a Type 5 charter school, received funding from BESE in an amount for pupils based on estimated daily attendance at ECSA. The amount of funding received is adjusted during the school year based on a student count on a designated date and the result of any audits performed.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying statement of activities.

ESPERANZA CHARTER SCHOOL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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

Deferred Revenue

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

NOTE 2 - Equipment:

The following is a summary of equipment at June 30, 2008:

Equipment	\$4,238
Less accumulated depreciation	<u>(589)</u>
Equipment, net	<u>\$3,649</u>

Depreciation charged to operations at June 30, 2008, was \$589.

NOTE 3 - Risk Management:

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

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

NOTE 4 - Concentration of Credit Risk:

ECSA maintains cash balances at a local bank. Accounts at this institution is insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$100,000. At June 30, 2008, ECSA had \$496,027 of funds in excess of FDIC coverage.

ESPERANZA CHARTER SCHOOL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Contingency:

ECSA is a recipient of local, federal and state grants. The grants are governed by various local, federal and state guidelines, regulations, and contractual agreements.

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

NOTE 6 - In-Kind Contributions:

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

NOTE 7 - Board of Directors' Compensation:

The board of directors is a voluntary board, therefore, no compensation was paid to any board member during the year ended June 30, 2008.

NOTE 8 - Contractual Services:

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

SUPPLEMENTARY INFORMATION

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

	FEDERAL CFDA <u>NUMBER</u>	FEDERAL <u>EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION:		
Passed through State Department of Education:		
IASA Title I	84.010	\$261,517
IASA Title II	84.367	6,961
IASA Title V	84.298	106,870
IDEA P.L. 101-476	84.027	56,172
Hurricane Education Recovery Act - Restart	84.938A	<u>241,500</u>
Total Expenditures of Federal Awards		<u>\$673,020</u>

NOTE: The accompanying schedule of expenditures of federal awards includes the federal grant activity of ECSA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See the Independent Auditors' Report on Supplementary Information.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Esperanza Charter School Association

We have audited the financial statements of the **Esperanza Charter School Association (ECSA)**, (a not-for-profit corporation) as of and for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered ECSA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ECSA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ECSA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessary identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects ECSCA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of ECSCA's financial statements that is more than inconsequential will not be prevented or detected by ECSCA's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 08-01 to 08-03 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Compliance and Other Matters

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

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

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 19, 2008



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Esperanza Charter School Association

Compliance

We have audited the compliance of the **Esperanza Charter School Association (ECSA)** 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, 2008. **ECSA's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **ECSA's** management. Our responsibility is to express an opinion on **ECSA's** compliance based on our audit.

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

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

In our opinion, ECSA 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-04 and 08-05.

Internal Control Over Compliance

The management of ECSA 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 ECSA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ECSA's internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in ECESA's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and material weaknesses.

A control deficiency in ECESA's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects ECESA's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by ECESA's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-01 and 08-02 and 08-04 and 08-05 to significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by ECESA's internal control. Of the significant deficiencies described in the accompanying schedule of findings and questioned costs, we consider items 08-04 and 08-05 to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

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

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 19, 2008

**ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Section I - SUMMARY OF AUDITORS' RESULTS

- A. The type of report issued on the financial statements: **unqualified opinion.**
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **yes** Material weakness: **no.**
- C. Noncompliance which is material to the financial statements: **no.**
- D. Significant deficiencies in internal control over major programs: **yes** Material weaknesses: **yes.**
- E. The type of report issued on compliance for major programs: **unqualified opinion.**
- F. Any audit findings which are required to be reportable under Section 510(a) of OMB Circular A-133: **yes.**
- G. Major programs:

<u>CFDA Number</u>	<u>Program</u>
84.010	IASA Title I
84.938A	Hurricane Education Recovery Act - Restart

- H. Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000.**
- I. Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **no.**
- J. A management letter issued: **no.**

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

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

08-01 - Chart of Accounts

Criteria

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

Condition

We noted during our audit that the current computerized accounting system of ECSCA is not set-up to classify expense transactions of federal or state grant programs. ECSCA manually classifies program expenses for grant reporting purposes. Based on our testing, we did not note any multiple program reimbursement requests for the same expense.

Effect

Federal or state reports filed for reimbursement of expenses may be inaccurate and include requests for unallowed costs. Also, there is the potential for multiple claims for reimbursement filed to funding sources for the same expense.

Cause

ECSCA's accounting system was not set-up to record expense and revenue transactions by program.

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

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

08-01 - Chart of Accounts, Continued

Recommendation

We recommend that ECSCA revise its current chart of accounts to classify transactions by program, function and object, as recommended by the Louisiana State Board of Elementary and Secondary Education. An accurate and precisely described chart of accounts is an important control because it provides the framework for determining information presented to management and other users of the financial statements. In addition, a well developed chart of accounts provides as a control for monitoring expenses recorded to federal and state grant programs and for filing accurate claims for reimbursements for grant expenses.

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

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

08-02 - Payroll Time and Attendance

Criteria

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

Condition

We noted during our testwork of payroll transactions that there is no evidence to support that payroll time and attendance records are being reviewed and approved prior to being processed by the managing company. Current procedures require the school-site's responsible individual to only notify the managing company for only the non-attendance status of ECSA's employees.

Effect

There is a potential for an employee being overpaid.

Cause

ECSA lacks internal control procedures to document the independent review and approval of payroll.

Recommendation

We recommend ECSA immediate establish and implement procedures to require that daily time and attendance records be reviewed and approved by a person that is independent of any personnel and payroll duties. This payroll review and approval of employees time and attendance records should be certified with a signature by the responsible party and timely forwarded to the payroll department for processing.

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

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

08-03 - Submission of Audit Report

Criteria

LSA-RS 24:513 (A)(5)(I) requires audit reports to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end, unless the Louisiana Legislative Auditor Audit Advisory Council approves an extension request, based only on a natural disaster, to file the audit report with the Louisiana Legislative Auditor by a specific date.

Condition

The June 30, 2008 audited financial statements were not submitted to the Legislative Auditor by the statutory due date of December 31, 2008. The Legislative Auditor had approved an extension of time for ECSA to file its annual June 30, 2008 financial report by no later February 15, 2009. ECSA was granted this extension for circumstances other than a natural disaster.

Effect

An audit report filed with an approved extension from the Legislative Auditor after the six (6) months timeframe for any reason other than for a natural disaster is a violation of the State audit completion and submission law.

Cause

Due to the financial statements not being completed until October 2008 and the Board engaging the auditors late, the auditors' work schedule did not allow for the timely completion of the audit.

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

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

08-03 - Submission of Audit Report, Continued

Recommendation

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

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

SECTION III - Findings and Questioned Costs Related to Federal Awards

08-04 - Unallowed Costs

CFDA 84.010 Title I

Criteria

According to 2 CFR Part 230 Appendix A to Part 230 - General Principles, Section A.b., costs charged to a federal grant program must be reasonable as imposed by the terms and conditions of the award.

Condition

We noted during our audit that ECSA requested and received \$43,340 for the reimbursement of salaries of one (1) Title I employee, however, the final approved Title I budget amount of salaries for this employees at June 30, 2008 was \$40,567. The amount the Title I program overpaid ECSA for this employee was \$2,773 (\$43,340 less \$40,567). We noted no other instances whereby actual expenses as requested and reimbursed exceeded the approved Title I budget categories.

Effect

ECSA has been overpaid in reimbursed grant expenses.

Cause

ECSA lacks procedures to ensure that reimbursement requests submitted to granting agencies are accurate and for allowable costs.

Recommendation

We recommend that ECSA establish procedures to ensure that grant expense are requested for only allowable grant expenses.

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2008

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

08-05 - Fringe Benefit Costs

CFDA 84.010 Title I

Criteria

According to 2 CFR Part 230 Appendix A to Part 230 - General Principles, Section A.b., costs charged to a federal grant program must be reasonable as imposed by the terms and conditions of the award.

Condition

In our audit, we noted during the period July 1, 2007 to June 30, 2008 that amounts requested for reimbursement of employee fringe benefit costs were estimated by ESCA. We determined, based on analytical work performed, that the total estimated amount received by ESCA in reimbursed employee fringe benefit costs for the year ended June 30, 2008 was reasonable as compared the actual amount of employee fringe benefit costs incurred in the same period.

Effect

Actual employee fringe benefit expenses were not claimed for the reimbursement costs.

Cause

ESCA lacks procedures to ensure that reimbursement requests submitted to granting agencies are accurate and for allowable costs.

Recommendation

We recommend that ESCA establish procedures to ensure that the actual costs of employee fringe benefits are requested for grant reimbursements.

ESPERANZA CHARTER SCHOOL ASSOCIATION

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2008

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INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Esperanza Charter School Association

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

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

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

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 19, 2008

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

PROCEDURES AND FINDINGS

The **Esperanza Charter School Association (ECSA)** begin its operation of a charter school in the June 30, 2008 fiscal year. As such, the information on the accompanying schedules relate only to the 2008 fiscal year. Our procedures and findings relate to the accompanying schedules and are as follows:

***General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources (SCHEDULE 1)***

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

No differences noted.

Education Levels of Public School Staff (SCHEDULE 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (SCHEDULE 4) to the combined total number of full-time classroom teachers per this schedule and to ECSA's supporting payroll records as of October 1, 2007.

No differences noted.

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (SCHEDULE 4) to the combined total of principals and assistant principals per this schedule.

No differences noted.

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

PROCEDURES AND FINDINGS, CONTINUED

Education Levels of Public School Staff (SCHEDULE 2), Continued

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2007 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

No differences noted.

Number and Type of Public Schools (SCHEDULE 3)

5. We did not obtain a list of schools by type as reported on the schedule. Also, we did not compare the list to ECSAs and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

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

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, 2007 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

No differences noted.

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

PROCEDURES AND FINDINGS, CONTINUED

Public School Staff Data (SCHEDULE 5)

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

No differences noted.

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

No differences noted.

Class Size Characteristics (SCHEDULE 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample of 10 classes to the October 1, 2007 roll books for those classes and determined if the class was properly classified on the schedule.

We only traced, without exception, a random sample of 10 homeroom classes because the students' attendance are checked by teachers in only the homeroom period. The information listed on Schedule 6 was obtained from a copy of the LEADS version of the Class Size report. According to Louisiana Revised Statute 17:232 B.(1), the attendance of all school pupils shall be checked each school day and at the beginning of each class period and shall be verified by the teacher keeping such record.

**Louisiana Educational Assessment Program (LEAP) for
the 21st Century (SCHEDULE 7)**

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by ECSA.

No differences noted.

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

PROCEDURES AND FINDINGS, CONTINUED

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

11. We did not obtain test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by ECSA.

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

The iLEAP Tests (SCHEDULE 9)

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

No differences noted.

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

SCHEDULE 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum, Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

SCHEDULE 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph.D. or Ed.D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

SCHEDULE 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

SCHEDULE 4 - Experience of Public Principals and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA), CONTINUED

SCHEDULE 5 - Public School Staff Data

This schedule includes average classroom teachers salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

SCHEDULE 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20; 21-26, 27-33, and 34+students. This data is currently reported to the Legislature in the Annual School Report (ASR).

**SCHEDULE 7 - Louisiana Educational Assessment Program (LEAP)
for the 21st Century**

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

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

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

ESPERANZA CHARTER SCHOOL ASSOCIATION
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA), CONTINUED

SCHEDULE 9 - The iLEAP Tests

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

ESPERANZA CHARTER SCHOOL ASSOCIATION

Schedule I

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2008

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	975,488	
Other Instructional Staff Activities		33,519	
Employee Benefits		300,406	
Purchased Professional and Technical Services		39,256	
Instructional Materials and Supplies		263,311	
Instructional Equipment		-	
Total Teacher and Student Interaction Activities	\$		1,611,980

Other Instructional Activities 6,780

Pupil Support Activities	49,383	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		49,383

Instructional Staff Services	5,377	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		5,377

School Administration	322,984	
Less: Equipment for School Administration	-	
Net School Administration		322,984

Total General Fund Instructional Expenditures \$ 1,996,504

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

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

Local Earnings on Investment in Real Property:

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

State Revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

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

Education Levels of Public School Staff
As of October 1, 2007

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	1	33%	16	84%	1	100%	1	50%
Master's Degree	2	67%	3	16%			1	50%
Master's Degree +30								
Specialist in Education								
Ph.D. or Ed.D.								
Total	3	100%	19	100%		100%	2	100%

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

Number and Type of Public Schools
For the Year Ended June 30, 2008

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

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

Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2007

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ yrs.	Total
Assistant Principals	2	0	0	0	0	0	0	2
Principals	1	0	0	0	0	0	0	1
Classroom Teachers	14	3	4	0	1	0	0	22
Total	17	3	4	0	1	0	0	25

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

Public School Staff Data
For the Year Ended June 30, 2008

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Excluding Extra Compensation	N/A	
Average Classroom Teachers' Salary Including Extra Compensation	39,397	
Number of Teachers' Full-time Equivalents (FTEs) used in Computation of Average Salaries	22	

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation.

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

Class Size Characteristics
As of October 1, 2007

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	78.5%	84	20.6%	22	0.9%	1		
Elementary Activity Classes	80.0%	12	20.0%	3				
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students.

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

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2008

District Achievement Level Results	English Language Arts						Mathematics					
	2008		2007		2006		2008		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	0	0.0%					0	0.0%				
Mastery	3	9.0%					1	3%				
Basic	14	40.0%					9	26%				
Approaching Basic	6	17.0%					13	37%				
Unsatisfactory	12	34.0%					12	34%				
Total	35	100.0%					35	100.0%				

District Achievement Level Results	Science						Social Studies					
	2008		2007		2006		2008		2007		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0%					0	0.0%				
Mastery	1	3%					0	0.0%				
Basic	4	11%					4	11%				
Approaching Basic	3	8%					10	28%				
Unsatisfactory	29	78%					22	61%				
Total	37	100%					36	100.0%				

The 2008 fiscal year was the first year of operations of ECSA; therefore, the information for the 2007 and 2006 fiscal years is not applicable.

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

The Graduate Exit Exam for the 21st Century
For the Year Ended June 30, 2008

District Achievement Level Results	English Language Arts						Mathematics					
	2008		2007		2007		2008		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced												
Proficient												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

District Achievement Level Results	Science						Social Studies					
	2008		2007		2007		2008		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced												
Proficient												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

Note: This schedule does not apply.

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

The iLEAP Tests
For the Year Ended June 30, 2008

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.00%
Mastery	5	11.6%	3	7.1%	1	2.4%	3	7.0%
Basic	15	34.9%	11	26.2%	11	26.2%	12	27.9%
Approaching Basic	8	18.6%	11	26.2%	15	35.7%	10	23.3%
Unsatisfactory	15	34.9%	17	40.5%	15	35.7%	18	41.5%
Total	43	100.0%	42	100.0%	42	100.0%	43	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0.0%	1	3.0%	0	0.0%	0	0.0%
Mastery	2	5.7%	2	5.7%	1	2.9%	2	5.7%
Basic	7	20.0%	4	11.4%	5	14.3%	14	40.0%
Approaching Basic	7	20.0%	6	17.1%	11	31.4%	9	25.7%
Unsatisfactory	19	54.3%	22	62.9%	18	51.4%	10	28.6%
Total	35	100.0%	35	100%	35	100.0%	35	100.0%

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

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

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

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

The iLEAP Tests
For the Year Ended June 30, 2008

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

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

The 2008 fiscal year was the first year of operations of ECSA; therefore, this schedule is not applicable.

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

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

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

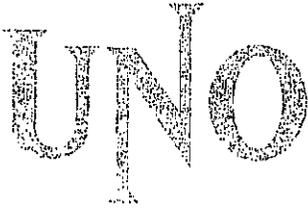
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced Mastery								
Basic								
Approaching Basic								
Unsatisfactory								
Total								

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

The 2008 fiscal year was the first year of operations of ECSA; therefore, this schedule is not applicable.

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



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February 13, 2009

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In response to the Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards, the following are corrected action in place for Fiscal year 2009:

08-01 Chart of Accounts

Chart of Accounts were revised effective Fiscal Year 2009.

08-02 Payroll Time and Attendance

HR Department has procedures in place for Fiscal year 2009. Attendance logs for each staff member are being reviewed by the Esperanza Office Manager prior to submission to payroll personnel for processing.

08-03 Submission of Audit Report

For Fiscal Year 2009, procedures are in place for timely audit engagement by the ECSA Board of Directors in order to comply with submission of Audit Report to State of Louisiana Legislative Auditor by the statutory due date.

08-04 Unallowed Costs

For Fiscal Year 2009, total salaries will be based on approved Title I budget.

08-05 Fringe Benefit Costs

Fringe benefit costs will be adjusted to actual every six months for grant reimbursements.

Please contact me if you have any questions.

Sincerely,

Linda L. Koh
Finance Manager