

FREEMON, SHAPARD & STORY
CERTIFIED PUBLIC ACCOUNTANTS

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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

Board of Directors
The Texas Boys Choir
3901 S. Hulen Street
Fort Worth, TX 76109

Members of the Board:

We have audited the financial statements of The Texas Boys Choir (the charter holder) as of and for the year ended August 31, 2005, and have issued our report thereon dated November 2, 2005. We conducted our audit in accordance with generally accepted auditing standards 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 The Texas Boys Choir'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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2005-1 to 2005-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Texas Boys Choir'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. We noted certain immaterial instances of noncompliance that we have reported to management of the corporation in a separate letter dated November 2, 2005.

This report is intended solely for the information and use of management, others within the organization and federal and state awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Freemon, Shapard and Story".

Freemon, Shapard & Story
November 2, 2005

**THE TEXAS BOYS CHOIR (THE CHARTER HOLDER)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2005**

I. Summary of Auditor's Results

- a. Type of auditor's report issued on the financial statements of The Texas Boys Choir was an unqualified opinion.
- b. There were no reportable conditions in internal control or material weaknesses in internal control disclosed by the audit of the financial statements.
- c. The audit disclosed no instances of noncompliance which are material to the financial statements of the auditee.
- d. Under the guidelines of OMB circular A-133, a Single Audit was not required for the year ended August 31, 2005.

II. Findings relating to the financial statements which are required to be reported in accordance with *Generally Accepted Government Auditing Standards*

<u>Program</u>	<u>Finding/Noncompliance</u>
2005-1 Pledged Securities	The Depository banks for the Boy's Choir did not pledge securities to cover funds on deposit in excess of the \$100,000 FDIC coverage provided throughout the year. Pledged securities and FDIC insurance were short \$95,565 on the date of highest deposits during the year for the Boy's Choir. The Charter school was adequately covered by pledged securities and FDIC insurance.
2005-2 Budget	The Charter School expenditures exceeded final amended budget in eight functional categories for the year as per Exhibit E-1.1. Budget should be amended as required in advance of funds being spent for all functional level categories each year.

III. Findings and questioned costs for state and federal awards

<u>Program</u>	<u>Finding/Noncompliance</u>
	None identified.

**THE TEXAS BOYS CHOIR (THE CHARTER HOLDER)
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2005**

<u>Findings/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A No prior audit findings.		

**THE TEXAS BOYS CHOIR (THE CHARTER HOLDER)
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2005**

<u>Finding Number</u>	<u>Contact Person</u>	<u>Corrective Action Planned</u>	<u>Anticipated Completion Date</u>
2005-1	Dollie Blevins (817) 924-1482	The Boy's Choir will monitor the amount of securities pledged by the depository bank and will notify the banks when balance is expected to increase dramatically to obtain adequate pledged security coverage.	Fiscal Year 2005-06
2005-2	Dollie Blevins (817) 924-1482	The Charter School will review budget more closely throughout year and make certain that it is properly amended in advance of funds being spent in the future.	Fiscal Year 2005-06