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To the Board of Directors and Management
Northside Education Foundation
San Antonio, TX

This letter is intended to inform you about significant matters related to the conduct of the annual audit for the year ended May 31, 2010, so you can appropriately discharge your oversight responsibility, and that we comply with our professional responsibilities. This letter provides comments concerning the internal control conditions we noted during our audit, as well as other required communication as required by our professional standards.

This report is intended solely for the information and use of the Directors and Management, and is not intended to be used by anyone other than the specified parties. We will be pleased to respond to any questions you have about this report.

We would like to take this opportunity to express our appreciation for the courtesy and assistance extended to us by your personnel during the course of our audit.

Akin, Doherty, Klein & Feuge P.C.
Akin, Doherty, Klein & Feuge, P.C.
San Antonio, Texas
August 2, 2010

Internal Control Related Matters (Management Letter Items)

In planning and performing our audit in accordance with U.S. generally accepted auditing standards, we consider your internal control over financial reporting (internal control) 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 internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency in internal control is a deficiency, or a combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness in internal control is a deficiency, or combination of deficiencies, 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.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. Other internal control related matters noted by us which we believe should be brought to your attention include the following matters:

Audit Adjustments: During the course of the audit process, we may recommend certain adjustments for a fair presentation of the financial statements. These audit adjustments, if applicable, have previously been discussed with you. Audit adjustments, depending on their materiality and other factors, may be considered as either a *control* or a *significant deficiency* by U.S. Professional Standards. We consider the adjustments discussed with you to be *control deficiencies*.

Financial Statement Preparation: Preparation of financial statements and related footnotes by the auditor, instead of your internal staff, may also be considered as either a *control* or *significant deficiency*. We consider the preparation of the financial statements and related footnotes by our firm a *control deficiency*, as assistance with this process by the independent auditors is a customary practice for entities of this size.

Other Matters: No other matters.

**Required Communication to
Audit Committee / Board of Directors**

Our Responsibility Under U. S. Generally Accepted Auditing Standards

Our responsibility, as prescribed by U.S. Professional Standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit in accordance with U. S. Generally Accepted Auditing Standards does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that errors, irregularities or illegal acts, if they exist, have not been detected. Such standards also require that we obtain a sufficient understanding of the internal control structure to plan the audit. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Our Responsibility for Other Information in Documents Containing Audited Financial Statements

Pursuant to U.S. Professional Standards, the auditor's responsibility for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the audit report, and the auditor is not required to perform procedures to corroborate such other information.

Management Judgments and Accounting Estimates

Accounting estimates, based upon Management's judgments, are an integral part of the financial statements. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from Management's current judgments.

Disagreements with Management

For purposes of this letter, U. S. Professional Standards define a disagreement with Management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter which could be significant to the financial statements or the audit report. We are pleased to report that no such disagreements arose during the course of our audit.

Report Issued on Financial Statement Audit

Our report issued on the financial statements was unqualified.

Internal Control Related Matters

We considered the internal control structure in order to gain a basic understanding of the internal control policies and procedures in order to design an effective and efficient audit approach, not for the purpose of providing assurance on the internal control structure. If applicable, any matters which we believe require your attention are included on page 2 of this report.

Accounting Principles

Management employed appropriate accounting principles as described in the audited financial statements and made all required disclosures in a clear and complete manner within the financial statements, as required following U. S. Generally Accepted Accounting Principles. The accounting principles under which the Company prepares its financial statements are reasonable, conservative and consistent, thereby enabling such statements to be of the highest quality.

We noted no transactions that were both significant and unusual, and of which, under U.S. Professional Standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Cooperation

The Management and employees have been most helpful and cooperative.

Management Consultations with Other Accountants

Management has advised it did not consult with other accountants regarding auditing and accounting matters.

Major Issues Discussed with Management

We discussed a variety of matters with Management, including the application of accounting principles and auditing standards. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as your independent auditors.

Difficulties Encountered in Performing the Audit

We encountered no unusual difficulties in dealing with Management in performing our audit. We were given full access to accounting records, supporting documents and other information that we requested.

Independence

We are not aware of any relationships between our firm and you that, in our professional judgment, may reasonably be thought to bear on our independence since our last communication.

The following section provides our additional communications to those charged with Governance, as provided for under our U.S. Professional Standards:

Auditing Standard Statements	Audit Responses
SAS No. 54, <i>Illegal Acts by Clients</i>	We are not aware of any illegal acts which would require communication to the Board.
SAS No. 99, <i>Consideration of Fraud in a Financial Statement Audit</i>	We are not aware of any errors or material misstatements which would require communication to the Board and Management.
SAS No. 115, <i>Communicating Internal Control Related Matters Identified in an Audit</i>	We are not required to perform procedures to identify deficiencies in internal control or to express an opinion on the effectiveness of internal control. However, during the course of an audit, we may become aware of deficiencies while obtaining an understanding of internal control, assessing the risks of material misstatement of the financial statements due to error or fraud, performing further audit procedures to respond to assessed risk, communicating with Management or others (for example, internal auditors or governmental authorities), or otherwise. Our findings with respect to internal control, if any, are on page 2.
<i>SAS No. 114, The Auditor's Communication with Those Charged with Governance</i>	
<ul style="list-style-type: none">• The auditors' responsibility	Our audit is designed to enable us to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
<ul style="list-style-type: none">• Significant accounting policies	The Board and Management have been informed of significant accounting policies.
<ul style="list-style-type: none">• Management judgments and accounting estimates	We reviewed the significant estimates utilized in the preparation of the audited financial statements and found them to be in conformity with U. S. GAAP.
<ul style="list-style-type: none">• Audit adjustments	All adjustments recommended by us during the course of the audit were made by Management, and are considered normal for the audit process. We have previously provided you a detail of such adjustments. Other adjustments, clearly immaterial to the financial statements, have been summarized and previously provided to Management.