

Exhibit 3

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PUBLIC SCHOOLS OF NORTH CAROLINA

STATE BOARD OF EDUCATION William C. Harrison, Ed.D., *Chairman*
DEPARTMENT OF PUBLIC INSTRUCTION June St. Clair Atkinson, Ed.D., *State Superintendent*
WWW.NCPUBLICSCHOOLS.ORG

March 24, 2010

Mr. Ozzie Hall, Administrator
Kinston Charter School
2000 Martin Luther King Jr. Blvd
Kinston, North Carolina 28501

Dear Mr. Hall:

The School Business Section of the Department of Public Instruction has completed a review of your FY 2008-09 Audit. Your audit reveals a net equity of (-\$325,304). Your financial history in the General Fund is:

<u>Fiscal Year</u>	<u>Deficit</u>
FY 2004-05	(\$ 18,901)
FY 2005-06	(\$ 112,853)
FY 2006-07	(\$ 310,997)
FY 2007-08	(\$ 156,370) (note short term borrowing of \$195,000)
FY 2008-09	(\$ 174,837)

Because Kinston Charter School has continued to run deficits in its General Fund and their net equity is also in the negative, Kinston Charter School is being placed on Financial Disciplinary Status. You are required to present a sound fiscal written plan to reduce Kinston Charter School deficit received by this office by April 7, 2010. Please be advised that this plan must not include the promise of \$300,000 from the credit union. If this money ever comes into the school, that will be great, but the school has not received any of the pledges. This plan must explain how Kinston Charter School will meet its financial obligations. Included in this plan you must explain how Kinston Charter School will cover all of its upcoming short term borrowings that are coming due, as well as the needed repairs to the building.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul LeSieur".

Paul LeSieur

PL/GB/dkm

**OFFICE OF FINANCIAL AND BUSINESS SERVICES
DIVISION OF SCHOOL BUSINESS**

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