

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
**New Orleans, Louisiana**

**FINANCIAL STATEMENTS**  
**Year Ended June 30, 2018**

**Roslyn J. Johnson, LLC**  
Certified Public Accountant

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**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
**New Orleans, Louisiana**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**Advocates for Innovative Schools, Inc.**  
(d/b/a Robert Russa Moton Charter School)  
New Orleans, Louisiana

### Report on the Financial Statements

I have audited the accompanying financial statements of **Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School** (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**

**(d/b/a) Robert Russa Moton Charter School**

Independent Auditor's Report

For the Year Ended June 30, 2018

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School** as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2018, on my consideration of **Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School's** internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School's** internal control over financial reporting and compliance.

*Roslyn J. Johnson, LLC*

Baton Rouge, Louisiana

October 31, 2018

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
**New Orleans, Louisiana**

**Statement of Financial Position**  
**June 30, 2018**

**ASSETS****Current Assets**

Cash in bank - unrestricted	\$ 7,126,505
Cash in bank - restricted	76,237
Total cash in bank	<u>7,202,742</u>
Accounts receivable	1,084
Grants receivable (note 3)	342,177
Travel advances	3,988
Deposits	22,653
Prepaid expenses	18,486

Property and Equipment, net of accumulated depreciation (note 4)	<u>5,715</u>
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<b>TOTAL ASSETS</b>	<b><u><u>\$ 7,596,845</u></u></b>
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**LIABILITIES****Current Liabilities**

Accounts payable	\$ 35,164
Payroll and payroll taxes payable	130,937
Accrued unpaid leave	35,848
Funds held on behalf of others (note 7)	76,237
<b>Total Current Liabilities</b>	<b><u>278,186</u></b>

**NET ASSETS**

Unrestricted net assets:	
Undesignated	5,318,659
Board designated (note 9)	2,000,000
<b>Total Net Assets</b>	<b><u><u>7,318,659</u></u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 7,596,845</u></u></b>
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The accompanying notes are an integral part of the basic financial statements.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
**New Orleans, Louisiana**

**Statement of Activities**  
**Year Ended June 30, 2018**

**REVENUES AND OTHER SUPPORT**

Grants:	
Federal	\$ 381,032
State and Local Minimum Foundation Program	2,810,176
Other state programs and revenues	130,872
Interest income	<u>64,960</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u><b>3,387,040</b></u>

**EXPENSES**

Instruction:	
Regular programs	1,204,604
Special education programs	50,746
Special programs	<u>448,868</u>
Total Instruction	<u>1,704,218</u>
Supporting Services:	
Pupil support services	18,464
Instructional staff services	65,767
General administration	118,129
School administration	250,475
Business services	168,485
Operation and maintenance of plant services	342,376
Student transportation services	255,680
Food services operations	<u>5,280</u>
Total Supporting Services	<u>1,224,656</u>
<b>TOTAL EXPENSES</b>	<u><b>2,928,874</b></u>

<b>CHANGE IN NET ASSETS</b>	458,166
<b>NET ASSETS AT BEGINNING OF YEAR, as restated</b>	<u>6,860,493</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 7,318,659</u></u>

The accompanying notes are an integral part of the basic financial statements.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
**New Orleans, Louisiana**

**Statement of Cash Flows**  
**Year Ended June 30, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 458,166
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:	
Restatement of beginning net assets	128,227
Depreciation expense	1,428
(Increase) decrease in operating assets:	
Accounts receivable	(1,084)
Grants receivable	(35,180)
Travel advances	(3,488)
Deposits	(22,653)
Prepaid expenses	(11,713)
Increase (decrease) in operating liabilities:	
Accounts, payroll, and other payables	35,315
Other liabilities	-
Fund held on behalf of others	(269)
	<u>548,749</u>
<b>Net cash provided (used) by operating activities</b>	<u>548,749</u>
<b>Net increase in cash</b>	548,749
<b>CASH AT BEGINNING OF YEAR</b>	<u>6,653,993</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$7,202,742</u></u>

The accompanying notes are an integral part of the basic financial statements.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**

Notes to the Financial Statements  
Year Ended June 30, 2018

**Note 1 – Summary of Significant Accounting Policies**

**A. Organization**

**Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (the School)** was organized as a non-profit corporation under the laws of the State of Louisiana on February 20, 2006. **The School** entered into an Operating Agreement with Orleans Parish School Board effective June 1, 2006, whereby **the School** would operate a Type III charter school as defined in LSA R.S. 17:3973(3)(b). The charter was granted for a minimum of five (5) years, with the fifth year in operations concluding June 30, 2011. On December 13, 2016, the Orleans Parish School Board renewed **the School's** charter and entered into an Operating Agreement effective July 1, 2017 for four (4) years, expiring on June 30, 2021.

**B. Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, they reflect revenues and related receivables when earned rather than when received and expenses and related payables when incurred rather than when paid.

**C. Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, **the School** 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. Net assets, revenues, expenses, gain and losses are classified based on the existence or absence of contributor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that will be met either by actions of **the School** and/or the passage of time.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of **the School** pursuant to those stipulations. **The School** has no permanently restricted net assets.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**

**(d/b/a Robert Russa Moton Charter School)**

Notes to the Financial Statements

For the Year Ended June 30, 2018

**D. Public Support and Revenue**

**The School's** primary source of funding is through the Minimum Foundation Program (MFP) funded by the state of Louisiana and the Orleans Parish School Board. **The School** receives \$1,132,788 from the State and \$1,677,388 from the Orleans Parish School Board per eligible student at the official pupil count date of October 1, 2017, payable in monthly installments. State and Federal grants are on a cost reimbursement basis.

**E. Cash and Cash Equivalents**

For purposes of reporting the statement of cash flows, **the School** considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. **The School** had no cash equivalents at June 30, 2018.

**F. Grants Receivable**

The grants receivable is 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.

**G. Property and Equipment**

Capital assets, which include property and equipment, are reported at historical cost or estimated cost. Donations of property and equipment are recorded as contributions at their estimated fair value. **The School's** policy is to capitalize property and equipment that is equal to or greater than \$5,000 per unit cost in value. Repairs and maintenance and small equipment purchases are charged to expense when incurred.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset. Useful lives vary from 3 to 7 years for property and equipment.

**H. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**I. Income Taxes**

Income taxes are not provided for in the financial statements since **the School** is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**

**(d/b/a Robert Russa Moton Charter School)**

Notes to the Financial Statements

For the Year Ended June 30, 2018

**J. Contributions**

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. **The School** had no temporarily restricted or permanently restricted net assets as of the year ended June 30, 2018.

**K. Compensated Absences**

All full-time employees earn paid leave at various rates based on employment classification. The earned leave may be used in the event of their own illness, a family illness, bereavement, or for personal business. Any unused leave at end of the fiscal year may be carried forward to the next year. Upon retirement or termination of employment, **the School** shall pay the employee or his/her heirs, for the unused leave, not to exceed 150 hours for regular employees and 175 hours for administrators at the current rate of pay.

**Note 2 – Concentration of Credit Risk**

**The School** maintains cash balances in two financial institutions located in Louisiana which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. **The School** had \$7,045,435 in excess of the insured limits in one bank at June 30, 2018, however the bank had pledged investment securities to guarantee **the School's** deposits.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.****(d/b/a Robert Russa Moton Charter School)**

Notes to the Financial Statements

For the Year Ended June 30, 2018

**Note 3 – Grants Receivable**

As of June 30, 2018, grants receivable consists of amounts due from the following sources:

United States Department of Education:	
Title 1	\$ 196,088
Title 2	1,500
Special Education (IDEA)	50,746
United States Department of Health and Human Services:	
Temporary Assistance for Needy Families (LA-\$0)	41,915
State of Louisiana	
LA-4 Early childhood Program	51,928
	<u>51,928</u>
	<u>\$ 342,177</u>

**Note 4 – Capital Assets**

The following is a summary of the changes in capital assets for the year ended June 30, 2018:

	<u>Furniture and Equipment</u>
Cost at June 30, 2017	\$ 10,000
Additions	-
Deletions	-
Cost at June 30, 2018	<u>10,000</u>
Accumulated depreciation, June 30, 2017	2,857
Additions	1,428
Deductions	-
Accumulated depreciation, June 30, 2018	<u>4,285</u>
Capital assets, net of accumulated depreciation, at June 30, 2018	<u>\$ 5,715</u>

Depreciation expense totaling \$1,428 for the year ended June 30, 2018.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**

**(d/b/a Robert Russa Moton Charter School)**

Notes to the Financial Statements

For the Year Ended June 30, 2018

**Note 5 – Retirement Plan**

Substantially all employees of **the School** are members of the Teachers' Retirement System of Louisiana (TRSL). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan is as follows:

**Teachers' Retirement System of Louisiana (TRSL)**

**Plan Description.** The TRSL consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

**Funding Policy.** Plan members are required to contribute 8.0% of their annual covered salary. **The School** is required to contribute at an actuarially determined rate. The current rate is 26.6% of annual covered payroll for the year ended June 30, 2018. Member contributions and employer contributions for the TRSL are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. **The School's** contributions to the TRSL for the years ended June 30, 2018, 2017 and 2016, was \$327,746, \$349,327 and \$393,141, respectively, which is equal to the required contributions for each year.

**Note 6 – Risk Management**

**The School** is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the year ended June 30, 2018.

**Note 7 – Funds Held on Behalf of Others**

**The School** acts as a custodian for student activity accounts. Funds held on behalf of these groups amounted to \$76,237 at June 30, 2018, and is reported as both an asset (restricted cash) and a liability (Funds held on behalf of others). Consequently, there is no effect on **the School's** net assets.

**Note 8 - Board of Directors' Compensation**

The members of the Board of Directors serve in a voluntary capacity; therefore, no compensation was paid to any board member during the year ended June 30, 2018.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**

Notes to the Financial Statements  
For the Year Ended June 30, 2018

**Note 9 – Unrestricted Net Assets – Board Designated**

The Board of Directors has designated a portion of unrestricted net assets to fund future anticipated facility move, facility maintenance and repairs, archiving of historical information, purchase of major capital equipment, and other contingencies. At June 30, 2018, the board designated unrestricted net assets amounted to \$2,000,000.

**Note 10 – Prior Period Adjustments**

The Net Assets as of June 30, 2017, have been restated to reflect the correction of errors related to prior years recording of revenues, expenditures, and liabilities. The effect of the restatement are as follows:

Net assets, June 30, 2017 as previously reported	\$ 6,732,266
Correct the recording of prior year expenditures	13,903
Correct prior year grants receivable	115,074
Correction of previous recording payroll withholding accounts	<u>(750)</u>
Net assets, June 30, 2017, as restated	<u>\$ 6,860,493</u>

**Note 11 – Subsequent Events**

**The School** is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **The School** performed such an evaluation through October 31, 2018, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

**SUPPLEMENTARY INFORMATION  
SCHEDULE**

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
**New Orleans, Louisiana**

**Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer**  
**June 30, 2018**

**Paulette P. Bruno, Principal/CEO**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 155,831
Benefits - Medicare	2,260
Benefits - Retirement	41,451
	<u>\$ 199,542</u>

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITOR'S 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  
**Advocates for Innovative Schools, Inc.**  
**(d/b/a Robert Russa Moton Charter School)**  
New Orleans, Louisiana

I have audited, in accordance with the 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, the financial statements of **Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (the School)**, (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 31, 2018.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered **the School's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the School's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the School's** internal control.

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 *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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
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*

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **the School's** financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **the School's** internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the School's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

*Roslyn J. Johnson, LLC*

Baton Rouge, Louisiana  
October 31, 2018

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2018**

**Section I - Summary of Auditor's Results**

**Financial Statement**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- |   |       |     |       |   |       |    |
|---|-------|-----|-------|---|-------|----|
| • Material weakness(es) identified?                     | _____ | Yes | _____ | x | _____ | No |
| • Significant deficiency (ies) identified?              | _____ | Yes | _____ | x | _____ | No |
| • Noncompliance material to financial statements noted? | _____ | Yes | _____ | x | _____ | No |

**Section II - Financial Statement Findings**

No findings or questioned costs for the year ended June 30, 2018.

**Section III - Federal Awards Findings**

No findings or questioned costs for the year ended June 30, 2018.

**ADVOCATES FOR INVOATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
**Schedule of Prior Year Findings and Questioned Costs**  
**Year Ended June 30, 2018**

No matters reported.

**STATE REPORTING SECTION**

**Statewide Agreed-Upon Procedures (SAUPs)**  
**(R. S. 24:513, *Audits and Auditees*)**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of **Advocates for Innovative Schools, Inc.**, (d/b/a **Robert Russa Moton Charter School**) and the Louisiana Legislative Auditor.

I have performed the procedures enumerated below, which were agreed to by **Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (the School)**, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The **Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School's** management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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.

The procedures and associated findings are as follows:

*Written Policies and Procedures*

**Comment: Not Applicable.**

*Board*

Determined by review of board/finance committee minutes that budget-to-actual comparisons on the general fund were included along with monthly financial statement presentations to the Board.

**Comment: No exceptions were noted.**

*Bank Reconciliations*

**Comment: Not Applicable.**

*Collections*

**Comment: Not Applicable.**

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
Independent Accountant's Report on  
Agreed-Upon Procedures

Disbursements – General

**Comment: Not Applicable.**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

**Comment:** The school did not have a Credit Card, Debit Card, Fuel Card, or P-Card, during the period July 1, 2017 through June 30, 2018.

Travel and Expense Reimbursement

I obtained from management a complete list of all travel expense reimbursements occurring during the fiscal period ended June 30, 2018. **The school** had four travel expense advance/reimbursement transactions occurring during the period. I verified travel expense transactions were complete by examination of the general ledger at June 30, 2018.

My examination of Travel Expense Reimbursement reports (Form (TR-2) determined that travel expenses were supported by original itemized receipts that identified what was purchased and the business/public purpose for which the travel was incurred. In addition, travel was authorized by someone other than the person receiving reimbursement.

**Comment: No exceptions were noted.**

Contracts

**Comment: Not Applicable.**

Payroll and Personnel

I obtained from management a complete list of its employees and their related salaries along with management's written representation that the list was complete. I verified the list was complete by comparing the list to the payroll registers I selected for testing, October 31, 2017 and April 15, 2018. I randomly selected 10 employees and verified paid salaries and examined attendance records and leave documentation.

I observed in my testing of payroll documents, instances where employees received pay for additional hours worked, i.e. *After School Care, Morning Stipend, Professional Development*, etc., that were not supported by employee daily time and attendance records or proper authorization.

In addition, employees do not document or approve the amount of leave taken and recorded each pay period to their cumulative leave record. The timekeeper for the school determines leave taken for each employee from absences indicated on the employee's "Sign-In and Out" Sheet and records any changes in leave to the employee's cumulative leave record. There is no documentation in the school's time and attendance records indicating the employee approved leave changes made by the timekeeper recorded to his/her cumulative leave record.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**

**(d/b/a Robert Russa Moton Charter School)**

Independent Accountant's Report on  
Agreed-Upon Procedures

**Comments:** The school's *Fiscal Accounting and Internal Controls Policies and Procedures Manual* should be amended to require employees prepare and approve written documentation of leave taken each pay period. Additional pay received by employees should be properly supported with time and attendance documents and proper authorization by the school's management.

**Management's Corrective Action:** The school will immediately implement the use of leave forms to support all leave taken and such form will include the signatures of both the employee and immediate supervisor. Additionally, the human resources department will develop a personnel action form that will include appropriate personnel actions including salary, effective dates, source of funding, promotions, leave of absence, years of experience, education and degrees, etc.

Other

**Comment: Not Applicable.**

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Roslyn J. Johnson, LLC*

Baton Rouge, Louisiana  
October 31, 2018

## **STATE REPORTING SECTION**

**Schedules Required by State Law  
(R. S. 24:514, Performance and Statistical Data)**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Trustees of **Advocates for Innovative Schools, Inc. d/b/a/ Robert Russa Moton Charter School**, the Louisiana Department of Education, and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the management of, **Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (the School)**; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of **the School** for the fiscal year ended June 30, 2018; 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), in compliance with Louisiana Revised Statute 24:514 I. Management of **the School** is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. I selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts 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
- Nonpublic Transportation Revenue

**Comment:** No differences noted.

**Class Size Characteristics (Schedule 2)**

2. I obtained a list of classes by school, school type, and class size as reported on the schedule. I then traced a sample of 25 classes to the October 1 roll books for those classes and observed that the class was properly classified on the schedule.

**Comment:** The School could not locate all of its teacher's roll books. Teacher roll books were available for only six of its twelve teachers (50%) for the audit period. My test sample of 25 classes to determine if properly classified on the schedule was limited to roll books available.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
Independent Accountant's Report on  
Agreed Upon Procedures

The school should establish policies and procedures to ensure all of its teacher roll books are available to support the reported class size characteristics.

**Management's Corrective Action:** Last school year the School underwent many changes, including the addition of a new school leader in April. Amidst the transition, the new school leader inadvertently failed to require all teachers to turn in their roll books before leaving for summer break. As such, not all roll books were available for the auditor's review.

For the current and future academic years, close out packets will be required of all staff members, including submission of all roll books.

**Education Levels/Experience of Public School Staff (NO SCHEDULE)**

3. I obtained a list of full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. I then traced data/listing to each individual's personnel file and the PEP data file, and observed that each individual's education level and experience was properly classified.

**Comment:** No differences noted.

**Public School Staff Data: Average Salaries (NO SCHEDULE)**

4. I obtained June 30<sup>th</sup> PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. I then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

**Comment:** No differences noted

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
Independent Accountant's Report on  
Agreed-Upon Procedures

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the **Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School**, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Roslyn J. Johnson, LLC*

Baton Rouge, Louisiana  
October 31, 2018

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**

**(d/b/a Robert Russa Moton Charter School)**

**New Orleans, Louisiana**

**Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)**

**As of and for the Year Ended June 30, 2018**

***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 (Formerly 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.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
**New Orleans, Louisiana**

**General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2018**

**General Fund Instructional and Equipment Expenditures**

## General Fund Instructional Expenditures:

## Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 682,361	
Other Instructional Staff Activities	226,531	
Instructional Staff Employee Benefits	316,618	
Purchased Professional and Technical Services	4,696	
Instructional Materials and Supplies	43,332	
Instructional Equipment	<u>1,428</u>	
Total Teacher and Student Interaction Activities		\$ 1,274,966

Other Instructional Activities 15,831

Pupil Support Activities 18,464  
Less: Equipment for Pupil Support Activities -  
Net Pupil Support Activities 18,464

Instructional Staff Services 65,767  
Less: Equipment for Instructional Staff Services -  
Net Instructional Staff Services 65,767

School Administration 250,475  
Less: Equipment for School Administration -  
Net School Administration 250,475

Total General Fund Instructional Expenditures \$ 1,625,503

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	<u>-</u>
Total Local Taxation Revenue	<u>\$ -</u>

## 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	<u>\$ -</u>

## State Revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.**  
**(d/b/a Robert Russa Moton Charter School)**  
**New Orleans, Louisiana**

**Class Size Characteristics**  
**As of October 1, 2017**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	27.6%	21	48.7%	37	23.7%	18	0.0%	0
Elementary Activity Classes	25.0%	6	50.0%	12	25.0%	6	0.0%	0
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. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.