

Financial Report

*Advocates for Arts-Based
Education Corporation
d/b/a Lusher Charter School*

June 30, 2020

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TABLE OF CONTENTS

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School**
New Orleans, Louisiana

June 30, 2020 and 2019

| | <u>Page Numbers</u> |
|--|-------------------------|
| Financial Section | |
| Independent Auditor's Report | 1 - 3 |
| Exhibits | |
| A - Statement of Financial Position | 4 |
| B - Statement of Activities | 5 |
| C - Statement of Functional Expenses | 6 |
| D - Statement of Cash Flows | 7 - 8 |
| E - Notes to Financial Statements | 9 - 24 |
| Supplementary Information | |
| 1 - Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer | 25 |
| Special Reports of Certified Public Accountants | |
| 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 <i>Government Auditing Standards</i> | 26 - 27 |
| Schedule of Findings and Responses | 28 - 29 |
| Reports by Management | |
| Schedule of Prior Year Findings and Responses | 30 |
| Management's Corrective Action Plan | 31 |

TABLE OF CONTENTS (Continued)

Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School

New Orleans, Louisiana

June 30, 2020 and 2019

Page
Numbers

Schedules Required by State Law

(R.S. 24:524 - Performance and Statistical Data) (Unaudited)

Independent Accountant's Report on Applying Agreed-Upon Procedures 32 - 34

Schedules

1 - General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources 35 - 36

2 - Class Size Characteristics 37

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School,
New Orleans, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (a non-profit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the 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

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 of America. 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 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 Lusher Charter School'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, we 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 evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School as of June 30, 2020, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School's financial statements, and our report dated December 11, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule (Schedule 1) is presented for purposes of additional analysis, is required by Louisiana Revised Statute 24:513(a)(3), 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 our 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*, we have also issued our report, dated December 16, 2020 on our consideration of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement, 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* in considering the Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 16, 2020.

STATEMENT OF FINANCIAL POSITION

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

June 30, 2020
(with comparative totals for 2019)

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 6,569,972 | \$ 2,586,725 |
| Grants receivable | 241,970 | 217,999 |
| Prepaid expenses | 245,228 | 210,483 |
| Investments | 14,592,430 | 14,290,169 |
| Other | 380,391 | 483,360 |
| Property and equipment, net | <u>3,617,779</u> | <u>3,352,689</u> |
| Total assets | <u>\$25,647,770</u> | <u>\$21,141,425</u> |
| LIABILITIES | | |
| Accounts payable | \$ 132,346 | \$ 226,706 |
| Accrued expenses | 1,473,266 | 1,355,488 |
| Loans payable | <u>3,214,000</u> | <u>-</u> |
| Total liabilities | <u>4,819,612</u> | <u>1,582,194</u> |
| NET ASSETS | | |
| Without donor restrictions | 20,481,272 | 19,212,480 |
| With donor restrictions | <u>346,886</u> | <u>346,751</u> |
| Total net assets | <u>20,828,158</u> | <u>19,559,231</u> |
| Total liabilities and net assets | <u>\$25,647,770</u> | <u>\$21,141,425</u> |

See notes to financial statements.

STATEMENT OF ACTIVITIES

Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
 New Orleans, Louisiana

For the year ended June 30, 2020
 (with comparative totals for 2019)

| | Without Donor Restrictions | With Donor Restrictions | 2020 Totals | 2019 Totals Only |
|---|----------------------------------|-------------------------------|---------------------|------------------------|
| Revenues and Other Support | | | | |
| Contributions | \$ 31,298 | \$184,918 | \$ 216,216 | \$ 483,280 |
| Grants: | | | | |
| Government | 602,761 | - | 602,761 | 696,060 |
| State - Minimum Foundation Program | 5,602,083 | - | 5,602,083 | 6,381,800 |
| Local - Minimum Foundation Program | 12,159,243 | - | 12,159,243 | 10,432,097 |
| Other | 88,417 | - | 88,417 | 54,401 |
| Student activity fees | 660,799 | - | 660,799 | 759,931 |
| Other revenue | 789,999 | - | 789,999 | 1,047,872 |
| Investment income | 496,786 | - | 496,786 | 445,480 |
| Net assets released from restrictions | 184,783 | (184,783) | - | - |
| Total revenues and other support | 20,616,169 | 135 | 20,616,304 | 20,300,921 |
| Expenses | | | | |
| Program services | 18,423,788 | - | 18,423,788 | 18,316,451 |
| Management and general | 832,952 | - | 832,952 | 1,569,961 |
| Fundraising | 90,637 | - | 90,637 | 225,543 |
| Total expenses | 19,347,377 | - | 19,347,377 | 20,111,955 |
| Increase in net assets | 1,268,792 | 135 | 1,268,927 | 188,966 |
| Net Assets | | | | |
| Beginning of year | 19,212,480 | 346,751 | 19,559,231 | 19,370,265 |
| End of year | <u>\$20,481,272</u> | <u>\$346,886</u> | <u>\$20,828,158</u> | <u>\$19,559,231</u> |

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**For the year ended June 30, 2020
(with comparative totals for 2019)

| | 2020 | | | Total Expenses | 2019 Totals Only |
|-------------------------------------|---------------------|---------------------------|-----------------|---------------------|------------------------|
| | Program Services | Management and General | Fundraising | | |
| Advertising | \$ 12,001 | \$ - | \$ - | \$ 12,001 | \$ 10,927 |
| Conferences | 4,680 | - | - | 4,680 | 4,245 |
| Depreciation | 171,455 | 3,499 | - | 174,954 | 178,554 |
| Dues and fees | 425,361 | - | - | 425,361 | 436,377 |
| Employee benefits | 853,452 | 140,158 | 3,580 | 997,190 | 987,275 |
| Field trips | 121,072 | - | - | 121,072 | 224,388 |
| Information technology | 112,255 | - | 1 | 112,256 | 248,856 |
| Insurance | 140,343 | - | - | 140,343 | 148,049 |
| Interest | - | 2,543 | - | 2,543 | 4,121 |
| Legal and accounting | 19,238 | 94,365 | - | 113,603 | 120,556 |
| Occupancy | 852,135 | - | - | 852,135 | 939,724 |
| Office expenses | 937,137 | 79,701 | 666 | 1,017,504 | 1,199,325 |
| Other expenses | 59,292 | - | - | 59,292 | 37,485 |
| Other purchased services | 231,744 | - | - | 231,744 | 361,649 |
| Payroll taxes | 199,708 | 857 | 35 | 200,600 | 202,341 |
| Professional and technical services | 469,672 | - | - | 469,672 | 432,646 |
| Retirement contributions | 2,794,753 | 18,342 | 1,626 | 2,814,721 | 2,864,924 |
| Salaries and wages | 10,895,104 | 493,487 | 84,729 | 11,473,320 | 11,447,250 |
| Student transportation | 77,342 | - | - | 77,342 | 140,869 |
| Travel | 47,044 | - | - | 47,044 | 122,394 |
| | <u>\$18,423,788</u> | <u>\$832,952</u> | <u>\$90,637</u> | <u>\$19,347,377</u> | <u>\$20,111,955</u> |

See notes to financial statements.

STATEMENT OF CASH FLOWS

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2020
(with comparative totals for 2019)

| | <u>2020</u> | <u>2019</u> |
|--|--------------------|--------------------|
| Cash Flows From Operating Activities | | |
| Increase in net assets | \$ 1,268,927 | \$ 188,966 |
| Adjustments to reconcile increase in net assets to cash provided by operating activities: | | |
| Depreciation | 174,954 | 178,554 |
| Unrealized gain on investment | (213,814) | (228,466) |
| Realized loss on investments | 16,262 | 44,154 |
| (Increase) decrease in assets: | | |
| Grants receivable | (23,971) | 155,417 |
| Prepaid expenses | (34,745) | (50,067) |
| Other | 102,969 | (268,376) |
| Increase in liabilities: | | |
| Accounts payable and accrued expenses | 23,418 | 205,499 |
| Net cash provided by operating activities | <u>1,314,000</u> | <u>225,681</u> |
| Cash Flows From Investing Activities | | |
| Property and equipment purchases | (440,044) | (63,524) |
| Proceeds from maturities of investments | 6,294,904 | 4,804,327 |
| Purchases of investments | <u>(6,399,613)</u> | <u>(5,063,323)</u> |
| Net cash used in investing activities | <u>(544,753)</u> | <u>(322,520)</u> |
| Cash Flows From Financing Activities | | |
| Proceeds from loan payable | <u>3,214,000</u> | <u>-</u> |

**Exhibit D
(Continued)**

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|----------------------------|
| Net Increase (Decrease) in Cash and Cash Equivalents | 3,983,247 | (96,839) |
| Cash and Cash Equivalents | | |
| Beginning of year | <u>2,586,725</u> | <u>2,683,564</u> |
| End of year | <u><u>\$ 6,569,972</u></u> | <u><u>\$ 2,586,725</u></u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

June 30, 2020 and 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization**

Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (the "School"), incorporated on August 24, 2005, is an educational institution organized to improve student learning, to increase learning opportunities for all students, to encourage the use of innovative teaching methods, to be more thoroughly accountable for education results, and to create new professional opportunities for teachers and other school employees.

The Orleans Parish School Board (OPSB) approved the granting of a charter to the School effective January 1, 2006 for a period ending on December 31, 2011, to operate a Type 3 Charter School, as defined in LA R.S.17:3973(3)(b). On January 18, 2011, the OPSB voted to renew the charter for a period of ten years. On December 8, 2020, the OPSB voted to renew the charter for a period of ten years.

Effective July 1, 2017, OPSB approved the first amendment to the charter operating agreement granting approval of the School to act as its own local educational authority (LEA) for one or more funding purposes or statutory definition, in accordance with LA R.S. §17:3995 and rules adopted by the Louisiana Board of Elementary and Secondary Education.

b. Basis of Accounting

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting. The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. 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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

d. Cash and Cash Equivalents

The School classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less.

e. Grants Receivable

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 fully collectible.

f. Promises to Give

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of June 30, 2020 and 2019, the School did not have outstanding conditional or unconditional promises to give.

g. Investments

Investments in U.S. Government Agency bonds and notes and the mutual fund are stated at fair market value.

h. Property, Equipment, and Depreciation

Additions to physical plant and facilities are capitalized in accordance with the Louisiana Accounting and Uniform Governmental Handbook, which requires the School to capitalize property and equipment purchases with a cost greater than \$5,000. Depreciation is provided utilizing the straight-line method over estimated useful lives of the assets.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Compensated Absences

All employees accrue ten days of leave each year, of which a maximum of ten days may be carried forward to the following fiscal year. The employee may use the leave days carried forward from the prior year, but will receive no additional compensation. Upon termination, the employee will receive payment for a maximum of twenty days at a per diem rate of \$75. Unused leave over ten days at the end of the fiscal year are paid at the per diem rate. The School accrues leave and related payroll liabilities for all employees who have ten or less leave days at the per diem rate.

j. Contributions and Revenue Recognition

Contributions received are recorded as increases in net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the School, or when earned under the terms of the grants.

k. Functional Allocation of Expenses

The costs of providing programs and other activities are summarized in the Statement of Functional Expenses. To present expenses by functional classifications, expenses are charged to program services and supporting services (management and general expense and fundraising expense) based on management's estimate of periodic time and expense evaluations. Additionally, some expenses are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. In-kind Support

The School records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support for the years ended June 30, 2020 and 2019 was deemed insignificant.

m. Financial Statement Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Support, revenue, and expenses for general operations.

Net Assets With Donor Restrictions - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the School.

n. Tax Matters

The School has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to Federal income tax unless the School has unrelated trade or business income.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2020, management of the School believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2017 and later remain subject to examination by the taxing authorities.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Recently Issued Accounting Standards

Statement of Cash Flows

In November 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-18, "*Statement of Cash Flows*" (Topic 230). ASU No. 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. The amendments in ASU No. 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. The School has adopted the provisions of ASU No. 2016-18 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2019.

Contributions Received and Made

In June 2018, the FASB issued ASU No. 2018-08, "*Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*". ASU No. 2018-08 should assist entities in (1) evaluation whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for fiscal years beginning after December 15, 2018. The School has adopted the provisions of ASU No. 2018-08 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2019.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Recently Issued Accounting Standards (Continued)

Leases

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The School is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers*" (Topic 606), which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU No. 2014-09, the FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The ASU is effective for annual reporting periods beginning after December 15, 2020, with certain early adoption provisions available. The School is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

p. Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 financial statement preparation.

q. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 16, 2020, which is the date the financial statements were available to be issued.

Note 2 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 and 2019 are restricted for the following purposes:

| | 2020 | 2019 |
|---|-----------|-----------|
| Subject to expenditure for specified purpose: | | |
| Instructional and other | \$346,886 | \$346,751 |

Note 3 - INVESTMENTS

Investments as of June 30, 2020 and 2019 are composed of the following:

| | 2020 | | |
|---|---------------|-------------------------|----------------------------------|
| | Cost | Fair Market Value | Excess of Market Over Cost |
| U.S. Government Agency bonds and notes | \$ 13,953,104 | \$ 14,229,741 | \$ 276,637 |
| Mutual fund | 362,689 | 362,689 | - |
| Totals | \$ 14,315,793 | \$ 14,592,430 | \$ 276,637 |
| | 2019 | | |
| | Cost | Fair Market Value | Excess of Market Over Cost |
| U.S. Government Agency bonds and notes | \$ 13,894,968 | \$ 13,957,791 | \$ 62,823 |
| Mutual fund | 332,378 | 332,378 | - |
| Totals | \$ 14,227,346 | \$ 14,290,169 | \$ 62,823 |

Note 3 - INVESTMENTS (Continued)

Investment activity for the years ended June 30, 2020 and 2019 is as follows:

| | <u>Cost</u> | <u>Market</u> | <u>Excess of Market Over Cost</u> |
|-------------------------------------|---------------------|---------------------|--|
| Balances as of June 30, 2020 | <u>\$14,315,793</u> | <u>\$14,592,430</u> | \$ 276,637 |
| Balances as of June 30, 2019 | <u>\$14,227,346</u> | <u>\$14,290,169</u> | 62,823 |
| Increase in unrealized appreciation | | | 213,814 |
| Net realized loss | | | (16,262) |
| Interest and dividend income | | | <u>299,234</u> |
| Net investment income - 2020 | | | <u>\$ 496,786</u> |
| | | | <u>Excess of Market Over Cost (Cost Over Market)</u> |
| Balances as of June 30, 2019 | <u>\$14,227,346</u> | <u>\$14,290,169</u> | \$ 62,823 |
| Balances as of June 30, 2018 | <u>\$14,012,504</u> | <u>\$13,846,861</u> | (165,643) |
| Increase in unrealized appreciation | | | 228,466 |
| Net realized loss | | | (44,154) |
| Interest and dividend income | | | <u>261,168</u> |
| Net investment income - 2019 | | | <u>\$ 445,480</u> |

Note 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Note 4 - FAIR VALUE MEASUREMENTS (Continued)

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

- *U.S. Government Agency Bonds and Notes*: Valued at the closing price reported on the active market on which the individual securities are traded. These are included in Level 1 of the fair value hierarchy.
- *Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the School are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the School are deemed to be actively traded.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 4 - FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2020 and 2019, assets measured at fair value on a recurring basis are comprised of and determined as follows:

| <u>Description</u> | <u>Fair Value As of June 30, 2020</u> | <u>Based on</u> | | |
|--|---|--|--|--|
| | | <u>Quoted Prices In Active Markets (Level 1)</u> | <u>Other Observable Inputs (Level 2)</u> | <u>Unobservable Inputs (Level 3)</u> |
| U.S. Government Agency bonds and notes | \$ 14,229,741 | \$ 14,229,741 | \$ - | \$ - |
| Mutual fund | <u>362,689</u> | <u>362,689</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 14,592,430</u> | <u>\$ 14,592,430</u> | <u>\$ -</u> | <u>\$ -</u> |

| <u>Description</u> | <u>Fair Value As of June 30, 2019</u> | <u>Based on</u> | | |
|--|---|--|--|--|
| | | <u>Quoted Prices In Active Markets (Level 1)</u> | <u>Other Observable Inputs (Level 2)</u> | <u>Unobservable Inputs (Level 3)</u> |
| U.S. Government Agency bonds and notes | \$ 13,957,791 | \$ 13,957,791 | \$ - | \$ - |
| Mutual fund | <u>332,378</u> | <u>332,378</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 14,290,169</u> | <u>\$ 14,290,169</u> | <u>\$ -</u> | <u>\$ -</u> |

As of June 30, 2020 and 2019, there were no assets measured at fair value on a non-recurring basis.

Note 5 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2020 and 2019 consists of the following:

| | 2020 | 2019 |
|-------------------------------|--------------|--------------|
| Site improvements | \$ 1,096,324 | \$ 888,937 |
| Building improvements | 3,099,265 | 2,866,608 |
| Equipment | 1,954,757 | 1,954,757 |
| | 6,150,346 | 5,710,302 |
| Less accumulated depreciation | (2,532,567) | (2,357,613) |
| Totals | \$ 3,617,779 | \$ 3,352,689 |

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$174,954 and \$178,554, respectively.

Note 6 - LOANS PAYABLE

On April 15, 2020, the School received a \$3,214,000 loan from Hancock Whitney Bank under the Paycheck Protection Program (PPP) of the U.S. Small Business Administration (SBA). Interest on the loan is 1%. Management expects that this loan will be repaid by SBA within 12 months and that all expenditures paid from the loan proceeds will be approved as eligible for loan forgiveness under the requirements of the PPP. The amount not forgiven, if any, would be repaid over 18 months in equal monthly payments (\$180,907 if no amount is forgiven by SBA).

Note 7 - LEASES

On May 28, 2014, the School entered into a lease agreement for six modular buildings to be used as classrooms on the Willow Street Campus. The lease term was for 36 months beginning at delivery with rental payments due each month of \$4,850. During 2017, the lease was extended for 24 months through July 2019 with no change in monthly rental payments. Beginning in August 2019, the lease was converted to a month-to-month basis.

In addition, the School rents sport fields and various equipment during the year as needed.

Rent expense for the years ended June 30, 2020 and 2019 totaled \$74,464 and \$81,479, respectively.

Note 8 - RETIREMENT PLANS

Substantially all employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code (IRC). The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute to the plan 8% of their annual covered payroll; the School was required to contribute 26.0% and 26.7% respectively, of the annual covered payroll of each participating employee for the years ended June 30, 2020 and 2019. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the years ended June 30, 2020 and 2019, School contributions to this plan totaled \$2,814,722 and \$2,864,924, respectively.

The School also sponsors a deferred compensation plan pursuant to Section 403(b) of the IRC for the benefit of its employees. Eligible employees may elect to contribute a portion of their salary to the plan, subject to limits established by the Internal Revenue Service. The plan does not permit employer contributions.

Additionally, the School sponsors a deferred compensation plan under IRC section 457(b) for the benefit of one highly compensated employee who is not eligible to participate in the TRSL plan. The School's contributions to the 457(b) plan totaled \$19,000 and \$18,500 for the years ended June 30, 2020 and 2019, respectively.

Note 9 - GRANTS

The details of the most significant grants are as follows:

The United States Department of Education passed through a grant to LDOE, which was awarded to the School as a subrecipient, to assist meeting the costs of providing special education and related services to children with disabilities. The grant funds must be used to provide special education and related services to eligible children. For the years ended June 30, 2020 and 2019, the School recognized revenue under this grant of \$281,304 and \$320,925, respectively.

Note 9 - GRANTS (Continued)

The Louisiana Department of Education passed through a grant to the School which provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards. For the years ended June 30, 2020 and 2019, the School recognized revenue under this grant of \$268,769 and 299,114, respectively.

OPSB provides funding for the general use of the School which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. Revenues received by OPSB from sales tax revenues, ad valorem taxes, and other sources are allocated to each school based on its enrollment. For the years ended June 30, 2020 and 2019, the School recognized revenue under this grant of \$12,159,243 and \$10,432,097, respectively.

The State of Louisiana provides funding for the general use of the School which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the years ended June 30, 2020 and 2019, the School recognized revenue under this grant of \$5,602,083 and \$6,359,427, respectively.

Note 10 - AVAILABILITY OF FINANCIAL ASSETS

The School is substantially supported by grants and contributions on an unrestricted and restricted basis. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its grantors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, management established a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Management established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

Note 10 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following reflects the School's financial assets as of June 30, 2020, reduced by amounts not available for general use because of donor-imposed restrictions.

| | |
|---|----------------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 6,569,972 |
| Grants receivable | 241,970 |
| Investments | <u>14,592,430</u> |
| Total financial assets as of | |
| June 30, 2020 | 21,404,372 |
| Less amounts unavailable for general | |
| expenditures within one year, due to: | |
| Donor imposed restrictions: | |
| Restricted by donors with time | |
| or purpose restriction | <u>(346,886)</u> |
| Financial assets available to meet cash needs | |
| for general expenditures within one year | <u>\$ 21,057,486</u> |

Note 11 - SCHOOL OPERATIONS/LEASEHOLD INTEREST

Effective January 1, 2006, the School entered into an agreement with OPSB, which allows the School to use the facilities and its contents located at 7315 Willow Street, 5624 Freret Street, 719 S. Carrollton Avenue (no longer utilized by the School), or any other locations as may be approved by the School and OPSB. The agreement was scheduled to expire on December 31, 2011. In June 2011, this agreement was renewed by OPSB for an additional ten years expiring on June 30, 2021.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. If capital improvements are made by the School with non-public funds to any site which it operates and the charter contract is revoked or terminated, the School will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to OPSB at the time this agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain at the property of the School.

Note 11 - SCHOOL OPERATIONS/LEASEHOLD INTEREST (Continued)

Use of the property is not recorded as an in-kind contribution from OPSB and related rent expense. The value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Note 12 - COMMITMENTS

The School has employment contracts as is standard in the field of education with most of its teachers and which expire June 30, 2021. All contracts provide for a minimum annual salary and other benefits.

Note 13 - RISK MANAGEMENT

The School is exposed to various risks of loss from torts, theft and damage to 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 or unsettled claims that exceeded this commercial coverage during the years ended June 30, 2020 and 2019.

Note 14 - CONCENTRATIONS OF RISK

The School received a substantial amount of its revenue through grants awarded by the federal, state, and local governments for the years ended June 30, 2020 and 2019 which totaled \$18,452,504 and \$17,564,358, respectively, or 90% and 87% of total revenue for each of the years ended June 30, 2020 and 2019, respectively.

All of the School's students live in the greater New Orleans area.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School has a written policy for custodial credit risk. As of June 30, 2020, the School's bank balances, including money market funds, were approximately \$6,805,000. Balances insured by the Federal Deposit Insurance Corporation, which covers up to \$250,000 per financial institution, totaled \$250,000 as of June 30, 2020. The remaining deposits of approximately \$6,555,000 were uninsured and collateralized with by pledged securities of \$20,000,000 held by the pledging financial institution's trust department or agent, but not in the School's name.

Note 15 - CORONAVIRUS

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding business, and the financial markets have recently experienced significant volatility. While the School has been immediately impacted by the adverse conditions in the financial markets, the long term impact on the School's operations is uncertain at this time.

The School is following the guidelines of the Louisiana Department of Health along with federal and state of Louisiana guidelines as they relate to COVID-19.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2020

Agency Head Name: Kathleen Riedlinger, Chief Executive Officer

Purpose

| | |
|---|-------------------------|
| Salary | \$261,600 |
| Benefits - insurance | 6,746 |
| Benefits - retirement | - |
| Benefits - other | 28,590 |
| Car allowance | 6,000 |
| Vehicle provided by government | - |
| Per diem | - |
| Reimbursements | - |
| Travel | - |
| Registration fees | - |
| Conference travel | - |
| State of LA - Professional Improvement Program (PIP) Compensation | 1,529 |
| Housing | - |
| Unvouchered expenses | - |
| Special meals | - |
| | <hr/> |
| | <u>\$304,465</u> |

¹ With regard to retirement, Ms. Riedlinger is a TRSL retire-rehire. Since she has already retired, she will personally see no benefit from the employer contributions the School makes to TRSL on her behalf.

² 457 Plan and Other Retirement Compensation

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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 Trustees,
Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School,
New Orleans, Louisiana.

We have audited, 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 of America, the financial statements of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (a non-profit organization) (the "School") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we 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 School'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.

Our 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 a material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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*.

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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 16, 2020.

SCHEDULE OF FINDINGS AND RESPONSES

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2020

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No

- Significant deficiency(ies) identified that are not considered to be a material weakness? Yes None reported

- Noncompliance material to financial statements noted? Yes No

b) Federal Awards

The Lusher Charter School did not receive Federal awards in excess of \$750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2020.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2020.

Section III - Federal Award Findings and Questioned Costs

Internal Control/Compliance

The Lusher Charter School did not receive Federal awards in excess of \$750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School New Orleans, Louisiana

For the year ended June 30, 2020

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2019 related to internal control over financial reporting material to the basic financial statements.

Compliance and Other Matters

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2019 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

The Lusher Charter School did not receive Federal awards in excess of \$750,000 during the year ended June 30, 2019 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2019.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School New Orleans, Louisiana

For the year ended June 30, 2020

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2020 related to internal control over financial reporting material to the basic financial statements.

Compliance and Other Matters

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2020 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

The Lusher Charter School did not receive Federal awards in excess of \$750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2020.

SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:524 - PERFORMANCE AND STATISTICAL DATA)
(UNAUDITED)

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees,
Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School,
New Orleans, Louisiana.

We have performed the procedures enumerated below, which were agreed to by the management of Advocates for Arts-Based Education Corporation d/b/a Lusher 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 year ended June 30, 2020, 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, we 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.

Our procedures and associated findings 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, 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 Schedule 1.
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures

Results: No exceptions were noted.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We traced a sample of 10 classes to the October 1, 2019 roll books for those classes and observed that the class was properly classified on the schedule.

Results: No exceptions were noted.

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

3. We obtained the October 1, 2019 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including 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 was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: Exceptions noted: two individuals' education level were incorrectly reported on the October 1, 2019 PEP data submitted to the Department of Education. Four individuals' experience level were incorrectly reported on the October 1, 2019 PEP data submitted to the Department of Education. In both educational level instances, the educational levels reported were a lesser category than the actual educational level. In all four experience level instances, actual experience was more than the amount reported.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained the June 30, 2020 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 listing was complete. We 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).

Results: No exceptions where noted.

This agreed-upon procedures engagement was conducted 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. We are 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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 Arts-Based Education Corporation d/b/a Lusher Charter School as required by Louisiana Revised Statute 24:514.1, 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 16, 2020.

**GENERAL FUND INSTRUCTIONAL AND SUPPORT
EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES**

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

For the year ended June 30, 2020
(Unaudited)

General Fund Instructional and Equipment Expenditures

Instructional Expenditures:

Teacher and Student Interaction Activities:

| | |
|---|--------------|
| Classroom Teacher Salaries | \$ 6,636,259 |
| Other Instructional Staff Salaries | 328,085 |
| Instructional Staff Employee Benefits | 2,475,798 |
| Purchased Professional and Technical Services | 200,607 |
| Instructional Materials and Supplies | 622,600 |
| Instructional Equipment | <u>-</u> |

Total Teacher and Student Interaction Activities \$10,263,349

Other Instructional Activities 380,768

Pupil Support Services 1,035,113

Less: Equipment for Pupil Support Services -

Net Pupil Support Services 1,035,113

Instructional Staff Services 729,221

Less: Equipment for Instructional Staff Services -

Net Instructional Staff Services 729,221

School Administration 2,688,234

Less: Equipment for School Administration (174,954)

Net School Administration 2,513,280

Total General Fund Instructional Expenditures \$14,921,731

Total General Fund Equipment Expenditures \$ 174,954

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 | \$ - |
|----------------------------------|------|

CLASS SIZE CHARACTERISTICS

**Advocates for Arts-Based Education Corporation
d/b/a Lusher Charter School
New Orleans, Louisiana**

As of October 1, 2019
(Unaudited)

| School Type | Class Size Range | | | | | | | |
|-------------------------------------|------------------|---------|--------|---------|--------|---------|--------|---------|
| | 1-20 | | 21-26 | | 27-33 | | 34+ | |
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Elementary | - | - | - | - | - | - | - | - |
| Elementary Activity Classes | - | - | - | - | - | - | - | - |
| Middle/Jr. High | - | - | - | - | - | - | - | - |
| Middle/Jr. High Activity Classes | - | - | - | - | - | - | - | - |
| High | - | - | - | - | - | - | - | - |
| High Activity Classes | - | - | - | - | - | - | - | - |
| Combination | 232 | 74 | 253 | 76 | 71 | 72 | 1 | 50 |
| Combination Activity Classes | 80 | 26 | 79 | 24 | 27 | 28 | 1 | 50 |
| Totals | 312 | 100 | 332 | 100 | 98 | 100 | 2 | 100 |