



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR
ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Disclaimer of Opinion

We were engaged to audit the financial statements of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School ("the School") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

We do not express an opinion on the accompanying financial statements of the School. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Emphasis-of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the School will not continue as a going concern as of June 30, 2024. As discussed in Note 1 to the financial statements, the School's charter ended on June 30, 2024. Our opinion is not modified with respect to that matter.

Basis for Disclaimer of Opinion

We were unable to obtain sufficient and appropriate audit evidence to support the amounts reported in the statements of financial position and activities. Additionally, several financial statement line items reflected negative balances, and management did not provide adequate documentation or explanations for these conditions. Lastly, we were unable to obtain a signed management representation letter from the School.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the School's financial statements in accordance with auditing standards generally accepted in the United States of America and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

Supplementary Information

Our 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 agency head (the schedule) is presented to comply with Act 706 of the 2014 Louisiana Legislative Session and is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary 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 January 15, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the School's 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 School's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the School's 2023 financial statements, and we expressed a qualified audit opinion on those audited financial statements in our report dated April 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Luther Speight & Co. CPAs

Luther Speight & Company CPAs
New Orleans, Louisiana
January 15, 2026

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2024
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023

	2024	2023
ASSETS		
Cash - Unrestricted	\$ (246,717)	\$ 1,009,691
Cash - Restricted	(18,523)	2,422
Accounts Receivable	-	619,913
Employee Advances	6,797	5,819
Prepaid Expense	402,922	73,790
TOTAL ASSETS	144,479	1,711,635
 LIABILITIES		
Accounts Payable	533,042	401,050
Accrued Expenses	755,426	258,279
Funds Held on Behalf of Others	(18,523)	2,422
TOTAL LIABILITIES	1,269,945	661,751
 NET ASSETS		
Without Donor Restrictions	(1,125,466)	1,049,884
TOTAL NET ASSETS	(1,125,466)	1,049,884
 TOTAL LIABILITIES AND NET ASSETS	\$ 144,479	\$ 1,711,635

The accompanying notes are an integral part of these financial statements.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
SUPPORT AND REVENUE				
Grants:				
State	\$ 95,049	\$ -	\$ 95,049	\$ 326,940
Federal	482,660	-	482,660	745,177
State and Local Minimum Foundation Program	4,810,558	-	4,810,558	4,000,460
Other Income	(3,734)	-	(3,734)	74,411
TOTAL SUPPORT AND REVENUE	5,384,533	-	5,384,533	5,146,988
EXPENSES				
Instruction:				
Regular Programs	3,280,869	-	3,280,869	2,411,464
Special Education Programs	491,652	-	491,652	420,871
Other Instructional Programs	17,955	-	17,955	264,890
Special Programs	310,391	-	310,391	282,946
Total Instruction	4,100,867	-	4,100,867	3,380,171
Supporting Services:				
Pupil Support Services	154,254	-	154,254	93,902
Instructional Staff Services	327,589	-	327,589	1,504
General Administration	410,640	-	410,640	332,805
School Administration	836,479	-	836,479	843,990
Business Services	223,511	-	223,511	490,104
Operation and Maintenance of Plant Services	912,148	-	912,148	1,157,173
Student Transportation Services	594,395	-	594,395	512,180
Food Services Operations	-	-	-	6,135
Total Supporting Services	3,459,016	-	3,459,016	3,437,793
TOTAL EXPENSES	7,559,883	-	7,559,883	6,817,964
Change in Net Assets	(2,175,350)	-	(2,175,350)	(1,670,976)
Net Assets, Beginning of Year	1,049,884	-	1,049,884	3,436,756
NET ASSETS, END OF YEAR	\$ (1,125,466)	\$ -	\$ (1,125,466)	\$ 1,049,884

The accompanying notes are an integral part of these financial statements.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Instructional Programs</u>	<u>Support Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>2024 Total</u>	<u>2023 Total</u>
Salaries and Wages	\$ 2,201,671	\$ 1,152,905	\$ 3,354,576	\$ 2,329,327
Retirement Contributions	472,776	525,307	998,083	848,559
Other Employee Benefits	27,414	55,305	82,719	132,482
Contract Work	-	118,227	118,227	540,257
Accounting	-	29,450	29,450	125,565
Stipends	-	-	-	1,935
Insurance	-	69,971	69,971	469,773
Other Professional Fees	125	54,122	54,247	87,362
Travel Expense	1,677	25,656	27,333	14,612
Materials and Supplies	190,038	35,422	225,460	130,965
Advertising Expense	-	3,605	3,605	13,392
Office Expense	-	-	-	305
Repairs & Maintenance	19,622	279,663	299,285	385,260
Information Technology	32,356	-	32,356	75,709
Transportation	-	594,395	594,395	527,570
Legal Services	-	95,147	95,147	43,585
Purchased Services	577,412	188,709	766,121	813,316
Equipment Rental	15,136	-	15,136	14,702
Depreciation	-	-	-	-
Miscellaneous Expense	562,640	26,008	588,648	65,510
Occupancy	-	205,124	205,124	197,778
Total Expenses	<u>\$ 4,100,867</u>	<u>\$ 3,459,016</u>	<u>\$ 7,559,883</u>	<u>\$ 6,817,964</u>

The accompanying notes are an integral part of the financial statements

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ (2,175,350)	\$ (1,670,976)
Net Assets Adjustments	-	(715,896)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Changes in Assets and Liabilities:		
Decrease in Grant Receivables	619,913	371,474
Increase in Other Current Assets	(330,110)	(10,227)
Increase in Accounts Payable	131,992	106,526
Increase in Accrued Expenses	497,147	248,868
Decrease in Funds Held on Behalf of Others	(20,945)	(36,169)
Total Adjustments	897,997	680,472
Net Cash Used by Operating Activities	(1,277,353)	(1,706,400)
Net Decrease in Cash and Cash Equivalents	(1,277,353)	(1,706,400)
Cash and Cash Equivalents - Beginning of Year	1,012,113	2,718,513
Cash and Cash Equivalents - End of Year	\$ (265,240)	\$ 1,012,113

The accompanying notes are an integral part of these financial statements.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (OPSB) 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 operation concluding June 30, 2011. The charter was renewed for an additional six years effective July 1, 2011 and July 1, 2017 for four (4) years expiring on June 30, 2021. Commencing on July 1, 2021, the agreement was renewed for an additional three years expiring on June 30, 2024. In December 2023, the Orleans Parish School Board accepted the recommendation of the NOLA Public Schools Superintendent to terminate the charter for the School. At the end of the 2023-2024 school year, the School was taken over by a new charter and remained open for the 2024-2025 school year under the new charter.

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.

Basis of Presentation

The financial statement presentation follows the recommendations of the FASB ASC 958-210, *Not-For-Profit Entities*. Under ASC 958-210, the School may report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Below is a description of the two classes of net assets:

- *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. The School's board may designate assets without restrictions for specific operational purposes from time to time. All of the School's net assets at June 30, 2024 were classified as without donor restrictions.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

- *Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, 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. As of June 30, 2024, the School had no net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the School considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Grants Receivable

The grants receivable is stated at the amount management expects to collect from outstanding balances. The financial statements do not include any outstanding grants receivable at June 30, 2024.

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 does not have an official dollar threshold for capitalizing property and equipment and instead analyzes purchases on a case-by-case basis. 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.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit

The School maintains cash balances in two financial institutions located in Louisiana which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The School only provided a bank statement for one of the accounts, which had a balance of \$526,077 at June 30, 2025. The School has not experienced any losses from these financial institutions related to uninsured balances.

Functional Allocation of Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied.

When possible, expenses are first allocated by direct identification and then by allocation if an expenditure benefits more than one program or function. The expenses that are allocated are allocated on the basis of estimates of time and effort. There were no such allocated expenses during the year ended June 30, 2024.

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.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, 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. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Recent Accounting Pronouncements

There were no recent accounting pronouncements that had a significant impact on the School's financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The School is substantially supported by grants and donations on an unrestricted and restricted basis. Because a grantor or donor's restrictions 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 and donors. Thus, financial assets may not be available for general expenditures within one year. As part of the School's liquidity management, management has 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. At June 30, 2024, the School's charter ended, so the only expenditures to be made subsequent to year-end are the School's liabilities at year-end. Two of the School's bank statements were not provided so it is unclear how much in actual cash on hand the School has at year-end.

NOTE 3 – GRANTS RECEIVABLE

There were no outstanding grants receivable at June 30, 2024. The School collected all funding prior to the School closing on June 30, 2024.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 4 – 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. Employees do not have the right to carryover paid leave days at the end of the fiscal year. Employees are paid for any accrued unpaid leave at the end of the fiscal year, or upon an employee's separation from employment. At June 30, 2024, the School did not record an accrued compensated balance.

NOTE 5 – PROPERTY AND EQUIPMENT

The School had equipment that was fully depreciated as of June 30, 2024. No depreciation expense was recorded for the year ended June 30, 2024.

NOTE 6 – FUNDS HELD ON BEHALF OF OTHERS

The School acts as a custodian for student activity accounts. At the end of June 30, 2024, the School had a negative balance for these accounts totaling \$18,523.

NOTE 7 – 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 received \$936,633 from the State and \$3,873,925 from the Orleans Parish School Board per eligible student at the official pupil count date of October 1, 2023, payable in monthly installments. State and Federal grants are on a cost reimbursement basis.

NOTE 8 – RISK MANAGEMENT AND UNCERTAINTIES

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.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 9 – SCHOOL FACILITIES OPERATING LEASE

Effective July 1, 2017 the School entered into an agreement with the Orleans Parish School Board, which allows the School to use the facilities and its contents located at 8550 Curran Boulevard, New Orleans, Louisiana, or any other locations as may be approved by the School and the OPSB. The agreement expired on June 30, 2021 and was renewed on July 1, 2021 for an additional three years expiring on June 30, 2024. For the use of the facilities, the School reimburses property insurance costs to OPSB. The School paid OPSB \$68,940 for the year ended June 30, 2024. Since the charter ended on June 30, 2024, the Operating Lease agreement did not continue.

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. Improvements made to the facilities become property of OPSB.

Use of the property is not recorded as an in-kind contribution from the OPSB, nor as a 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 10 – 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.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 10 – RETIREMENT PLAN (CONTINUED)

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 25.8% of annual covered payroll for the year ended June 30, 2023. 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 year ended June 30, 2024 were \$998,083, which is equal to the required contributions for the year.

NOTE 11 – 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, 2024.

NOTE 12 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of January 15, 2026, which is the date these financial statements were available to be issued. As mentioned in Note 1, at the end of the 2023-2024 school year, the School's charter ended and remained open for the 2024-2025 school year under a new charter operator. Management has noted that there are no additional disclosures or adjustments to these financial statements required.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

We 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 organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2026.

Report on 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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings #2024-004 and #2024-005 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings #2024-001 and #2024-002 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from 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 financial statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding #2024-003.

The School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Luther Speight & Co. CPAs

Luther Speight & Company CPAs
New Orleans, Louisiana
January 15, 2026

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

A disclaimer of opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified? X yes no

Significant deficiencies identified
not considered to be material weaknesses? X yes no

Noncompliance material to financial statements noted? X yes no

Federal Awards

Not applicable

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

**FINDING #2024-001 – PAYROLL ADMINISTRATION OF TIME AND ATTENDANCE
– SIGNIFICANT DEFICIENCY – (ORIGINATED IN 2021)**

CRITERIA:

The School’s policies and procedures require that payroll transactions are properly documented, and no employee shall be paid for work performed until the time they have worked is correctly documented and approved.

CONDITION:

During our audit of the School’s payroll time and attendance documents for twenty-five (25) payroll transactions selected, we noted the School did not provide time and attendance reports any of them.

CAUSE:

The School did not enforce its own policies and procedures to ensure that payroll transactions were properly documented.

EFFECT:

Failure to ensure compliance with established payroll procedures could result in improper payments without timely detection.

RECOMMENDATION:

No recommendation is needed due to the School’s charter ending on June 30, 2024.

MANAGEMENT RESPONSE:

No management response received.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

**FINDING #2024-002 – SEGREGATION OF PAYROLL PROCESSING DUTIES -
SIGNIFICANT DEFICIENCY – (ORIGINATED IN 2022)**

CRITERIA:

Proper segregation of duties related to payroll functions should be implemented to mitigate errors and irregularities that might not be timely identified by management.

CONDITION:

During our audit of the payroll function, we noted the following inadequate segregation of duties:

- The Chief Financial Officer has the ability to add employees and change employee payroll information with the outside payroll processing vendor.
- The Chief Financial Officer receives, reviews, approves, and maintains on file all payroll reports from the outside payroll processing vendor.
- The Chief Financial Officer records all payroll transactions to the accounting system and receives, reconciles, and maintains the filing of all the School's bank accounts, with no indication of review by an employee independent of this function.

CAUSE:

The School has not sufficiently assigned responsibilities of the payroll process to ensure proper segregation of duties and independent review and oversight by an employee not performing these functions.

EFFECT:

The failure to properly segregate payroll processing functions increases the risk of occurrence of errors or irregularities without timely detection.

RECOMMENDATION:

No recommendation is needed due to the School's charter ending on June 30, 2024.

MANAGEMENT RESPONSE:

No management response received.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

**FINDING #2024-003 – TIMELY SUBMISSION OF ANNUAL AUDIT REPORT –
NONCOMPLIANCE – (ORIGINATED IN 2022)**

CRITERIA:

Louisiana State Statute 2:511 – 2:559, Louisiana Audit Law, states that quasi-public entities with more than \$500,000 in revenue must submit their audited annual financial reports to the Louisiana Legislative Auditor (LLA) within six (6) months of the close of the auditee’s fiscal year.

CONDITION:

The School did not remit the annual audited financial statements to the Louisiana Legislative Auditor within six months of their year-end. A non-emergency extension for filing the audit report was granted by the Legislative Auditor. The non-emergency extension requires a late audit finding to be included in the report.

CAUSE:

The School had delays in providing key data for the audit and did not provide adequate supporting documentation for many of the School’s financial statement balances.

EFFECT:

The School was not in compliance with certain provisions of the Louisiana Audit Law referenced above regarding timely submissions.

RECOMMENDATION:

No recommendation is needed due to the School’s charter ending on June 30, 2024.

MANAGEMENT RESPONSE:

No management response received.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

**FINDING #2024-004 – GENERAL ACCOUNTING AND CONTROL PROCEDURES
NOT ADEQUATE – MATERIAL WEAKNESS - (ORIGINATED IN 2023)**

CRITERIA:

The School should reconcile all material balances to supporting schedules or subsidiary ledgers. Also, the School should maintain accurate records to support all transactions to ensure adequate accounting and internal controls.

CONDITION:

General accounting procedures were not adequate to support the timely and accurate preparation of financial statements in accordance with generally accepted accounting principles. In addition, certain transactions were reported that did not have supporting documentation. In many instances the general accounting and financial statements were retroactively prepared. General accounting deficiencies noted were as follows:

- a) Two out of the School's three bank accounts reflected a negative General Ledger balance. We were not provided bank reconciliations or bank statements for either of these accounts.
- b) The total prepaid expense balance was \$402,922. We were not provided with the supporting documentation.
- c) The accounts payable balance totaled \$533,042, which included both accounts payable and credit cards payable. We were not provided with the listing of subsequent disbursements, so we were unable to test the outstanding accounts payable balance. Additionally, the outstanding credit card balance per the general ledger was not reconciled to the year-end statement.
- d) Accrued Expenses totaling \$755,426 included certain accounts that were not accurately supported. In addition, we reviewed 23 total individual accounts and noted 12 that reflected debit balances.
- e) The ending balance in the Funds Held on Behalf of Others account reflected a debit balance totaling \$18,523. The negative balance also affects Restricted Cash, as these are the funds held by the School for specific groups and clubs.
- f) We were not provided with sufficient supporting documentation for revenues totaling \$5,384,533. Additionally, Other Income reflected a negative balance.

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SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

FINDING #2024-004 – GENERAL ACCOUNTING AND CONTROL PROCEDURES NOT ADEQUATE – MATERIAL WEAKNESS - (ORIGINATED IN 2023) - CONTINUED

- g) As noted in Finding #2024-001, we selected a sample of 25 employees for payroll testing and we were not provided any supporting documents. Additionally, when comparing total salaries expense per the general ledger with the total wages from the Quarterly 941 reports, we noted a significant unexplained variance totaling \$591,000.

- h) We selected a sample of 41 non-payroll expense transactions for testing. We were not provided supporting documentation for any of the samples. We were unable to test the validity of non-payroll expenses.

CAUSE:

The School's charter ended on June 30, 2024 and key accounting staff no longer worked at the School. This caused delays in receiving supporting documentation. Additionally, many of the supporting documentation requested was not available.

EFFECT:

The financial statements were inaccurate and resulted in a disclaimer of opinion in the audit report.

RECOMMENDATION:

No recommendation is needed due to the School's charter ending on June 30, 2024.

MANAGEMENT RESPONSE:

No management response received.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024

FINDING #2024-005 – BANK RECONCILIATION PROCEDURES NOT ADEQUATE – MATERIAL WEAKNESS – (ORIGINATED IN 2023)

CRITERIA:

The Louisiana Legislative Auditor’s Best Practices states that written policies and procedures over bank reconciliations should include controls over preparation and review. This should include the following:

1. The entity should appoint a bank reconciliation “preparer” who is not involved in processing cash receipts or disbursements, including recording these transactions in the accounting records.
2. The preparer should receive the bank statements unopened directly from the bank and prepare a reconciliation between the bank balances and the accounting records within 30 days. State law allows for 30 days to examine bank statements and canceled checks for unauthorized signatures or alterations. After 30 days, the entity is precluded from asserting a claim against the bank for unauthorized signatures or alterations.
3. As part of the reconciliation, the preparer should consider whether (1) all receipts and disbursements are recorded by the entity; (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger balance. Any differences between the bank balances and accounting records (e.g., deposits not clearing the bank, unusual disbursements or transfers) should be immediately researched and resolved. Any adjustments to the accounting records should be recorded by someone other than the employee performing the bank reconciliation.
4. The preparer should also research reconciling items that are outstanding for more than six months to determine if the checks need to be voided and reissued or whether the funds need to be submitted to the State Treasurer in compliance with unclaimed property laws.
5. Once the reconciliation is prepared, the preparer should sign/initial and date (or electronically log completion).
6. The completed bank reconciliation, bank statement, and supporting documentation should be immediately reviewed by a designated official who is knowledgeable about the entity’s operations but does not handle cash, post ledgers, or prepare checks.
7. Once the reconciliation is reviewed, the reviewer should sign/initial and date (or electronically log completion).

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

**FINDING #2024-005 – BANK RECONCILIATION PROCEDURES NOT ADEQUATE --
CONTINUED**

CONDITION:

During our review of bank reconciliations as part of the audit we noted the following:

1. We were only provided a bank reconciliation for one of the School's three bank accounts. The bank reconciliation received was not approved, but did have the preparer's name and date. We were unable to determine when it was reviewed by management. Additionally, the bank reconciliation was prepared 4 months after year-end.
2. For the bank reconciliation received for the operating account, we were not provided a list of the outstanding checks, which totaled \$283,000. As a result, we were unable to determine the age of the reconciling items and if the school researched reconciling items aged over 6 months.
3. The two bank accounts without a bank reconciliation reflected negative general ledger balances totaling (\$481,245) and (\$26,615). We were also not provided with the year-end bank statements for these accounts. We were therefore unable to examine the reconciling items for each account.

CAUSE:

The School's charter ended on June 30, 2024 and key accounting staff no longer worked at the School.

EFFECT:

The net cash balance per the financial statements totaled (\$265,240). We were unable to determine the proper adjusting entry to properly state Cash and Cash Equivalents.

RECOMMENDATION:

No recommendation is needed due to the School's charter ending on June 30, 2024.

MANAGEMENT RESPONSE:

No management response received.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

Section III – Federal Awards Findings and Questioned Costs

The School did not expend more than \$750,000 in federal funds during the year ended June 30, 2024. This section is not applicable.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

Finding #	Finding Title	Resolved/Unresolved? (New Finding #)
2023-001	Payroll Administration of Time and Attendance	Unresolved (#2024-001)
2023-002	Segregation of Payroll Processing Duties	Unresolved (#2024-002)
2023-003	Timely Submission of Annual Audit Report	Unresolved (#2024-003)
2023-004	General Accounting and Control Procedures Not Adequate	Unresolved (#2024-004)
2023-005	Reporting of Fraudulent Activity in Bank Accounts	Not Applicable
2023-006	Bank Reconciliation Procedures Not Adequate	Unresolved (#2024-005)

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2024**

Agency Head: John McCrary, CEO

Purpose	Amount
Salary	155,186
Benefits- Insurance	-
Benefits- Retirement	-
Benefits- Medicare	-
Benefits - Worker's Comp	-
Benefits- Unemployment	-
Cell Phone and iPad Dues	-
Uniforms	-
Per Diem	-
Travel	-
Reimbursements	-
Fuel Usage	-
Conference Travel	-
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-