

**ADVOCATES FOR SCIENCE AND
MATHEMATICS EDUCATION, INC.**

FINANCIAL STATEMENTS

June 30, 2019 and 2018



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ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
TABLE OF CONTENTS
JUNE 30, 2019

REPORT

Independent Auditors' Report	1
------------------------------	---

FINANCIAL STATEMENTS

Statements of Financial Position	4
----------------------------------	---

Statements of Activities	5
--------------------------	---

Statements of Functional Expenses	7
-----------------------------------	---

Statements of Cash Flows	9
--------------------------	---

Notes to the Financial Statements	10
-----------------------------------	----

SUPPLEMENTARY INFORMATION

Schedule of Compensation, Benefits and Other Payments Made to Agency Head	19
---	----

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' 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>	20
---	----

Schedule of Findings and Responses	22
------------------------------------	----

Summary Schedule of Prior Audit Findings	23
--	----

Corrective Action Plan	24
------------------------	----



Report



Carr, Riggs & Ingram, LLC
111 Veterans Memorial Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors of
Advocates for Science and Mathematics Education, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Advocates for Science and Mathematics Education, Inc. (Advocates) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Advocates' 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 Advocates' 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 evaluating 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates as of June 30, 2019 and 2018, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, effective January 1, 2018, Advocates adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* and (ASU) No. 2016-18 *Statement of Cash Flows (Topic 230): Restricted Cash*. The School has adjusted the presentation of the accompanying financial statements accordingly, applying the changes retrospectively to the comparative period (2018) presented. Our conclusion has not been modified with respect to this matter.

Other Matters

Other 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 made to agency head, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 January 31, 2020 on our consideration of Advocates' 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 Advocate'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 Advocates' internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

January 31, 2020



Financial Statements

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION

<i>As of June 30,</i>	2019	2018
ASSETS		
Cash and cash equivalents	\$ 1,624,348	\$ 1,613,897
Restricted cash and cash equivalents	13,056	13,174
Certificates of deposit	26,401	26,191
Other receivables	121,223	192,269
Grants receivable	101,631	119,774
Grants receivable - other local education agency	233	66,385
Prepaid expenses	298	408
Total current assets	1,887,190	2,032,098
PROPERTY AND EQUIPMENT, net	90,825	110,952
TOTAL ASSETS	\$ 1,978,015	\$ 2,143,050
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 190,929	\$ 342,163
Line of credit	9,677	9,677
Total current liabilities	200,606	351,840
NET ASSETS		
Without donor restriction	1,625,137	1,676,218
With donor restriction	152,272	114,992
TOTAL NET ASSETS	1,777,409	1,791,210
TOTAL LIABILITIES AND NET ASSETS	\$ 1,978,015	\$ 2,143,050

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

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
STATEMENT OF ACTIVITIES

<i>For the Year Ended June 30, 2019</i>	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND SUPPORT			
State sources	\$ 2,373,345	\$ -	\$ 2,373,345
Local per pupil support	2,758,837	-	2,758,837
Federal sources	1,345,331	-	1,345,331
Donations and contributions	272,312	122,643	394,955
Other revenue	7,346	-	7,346
Net assets released from restrictions	85,363	(85,363)	-
Total revenues and support	6,842,534	37,280	6,879,814
EXPENSES			
Program services:			
Instructional	3,161,626	-	3,161,626
School administration	334,348	-	334,348
Pupil support services	588,883	-	588,883
Instructional staff services	243,209	-	243,209
Supporting services:			
General administration	3,024	-	3,024
Central services	317,145	-	317,145
Food services	955,413	-	955,413
Business services	215,219	-	215,219
Ancillary services	1,074,748	-	1,074,748
Total expenses	6,893,615	-	6,893,615
CHANGE IN NET ASSETS	(51,081)	37,280	(13,801)
Net assets at the beginning of year	1,676,218	114,992	1,791,210
NET ASSETS AT THE END OF YEAR	\$ 1,625,137	\$ 152,272	\$ 1,777,409

The accompanying notes are an integral part of this financial statement.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
STATEMENT OF ACTIVITIES

<i>For the Year Ended June 30, 2018</i>	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND SUPPORT			
State sources	\$ 2,369,135	\$ -	\$ 2,369,135
Local per pupil support	2,614,932	-	2,614,932
Federal sources	1,353,127	-	1,353,127
Donations and contributions	259,953	117,378	377,331
Other revenue	50,810	-	50,810
Net assets released from restrictions	98,515	(98,515)	-
Total revenues and support	6,746,472	18,863	6,765,335
EXPENSES			
Program services:			
Instructional	3,032,143	-	3,032,143
School administration	384,932	-	384,932
Pupil support services	553,691	-	553,691
Instructional staff services	189,339	-	189,339
Supporting services:			
General administration	6,521	-	6,521
Central services	289,304	-	289,304
Food services	903,595	-	903,595
Business services	217,316	-	217,316
Ancillary services	900,920	-	900,920
Total expenses	6,477,761	-	6,477,761
CHANGE IN NET ASSETS	268,711	18,863	287,574
Net assets at the beginning of year	1,407,507	96,129	1,503,636
NET ASSETS AT THE END OF YEAR	\$ 1,676,218	\$ 114,992	\$ 1,791,210

The accompanying notes are an integral part of this financial statement.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

	Program Services					Support Services							Total
	Instructional	School administrati on	Pupil support services	Instructional staff services	Total	General administration	Central services	Food services	Business services	Ancillary services	Total		
<i>For the Year Ended June 30, 2019</i>													
Audit/Accounting Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,600	\$ -	\$ 25,600	\$ 25,600	
Custodial Services	-	-	-	-	-	-	-	-	-	27,913	27,913	27,913	
Depreciation	-	-	-	-	-	-	-	-	-	20,127	20,127	20,127	
Dues/Fees	20,454	47,256	3,865	-	71,575	2,500	-	-	715	-	3,215	74,790	
Employee Benefits	445,465	36,686	79,444	24,020	585,615	-	20,703	-	22,302	42,915	85,920	671,535	
Food Service	14,917	2,268	1,679	-	18,864	-	3,424	933,889	-	-	937,313	956,177	
Insurance	-	22,783	3,880	-	26,663	524	-	-	-	79,024	79,548	106,211	
Interest	-	-	-	-	-	-	-	-	725	-	725	725	
Legal Services	4,514	4,559	-	-	9,073	-	-	-	-	-	-	9,073	
Miscellaneous	117,579	11,872	53,128	55,209	237,788	-	163,533	19,211	10,093	37,628	230,465	468,253	
Rent/Lease	7,760	15,196	-	-	22,956	-	-	2,313	21,229	87	23,629	46,585	
Repairs and Maintenance	-	-	-	-	-	-	-	-	1,821	42,466	44,287	44,287	
Salaries	2,287,181	173,118	438,386	144,699	3,043,384	-	120,138	-	128,549	268,465	517,152	3,560,536	
Supplies	158,852	5,179	6,260	555	170,846	-	4,629	-	4,185	24,775	33,589	204,435	
Telephone and Postage	33,219	15,349	1,117	2,956	52,641	-	4,718	-	-	500	5,218	57,859	
Textbooks	7,915	-	-	330	8,245	-	-	-	-	-	-	8,245	
Transportation	57,080	-	-	-	57,080	-	-	-	-	438,505	438,505	495,585	
Travel	6,690	83	1,124	15,440	23,337	-	-	-	-	-	-	23,337	
Utilities	-	-	-	-	-	-	-	-	-	92,343	92,343	92,343	
Total Expenses	\$ 3,161,626	\$ 334,349	\$ 588,883	\$ 243,209	\$ 4,328,067	\$ 3,024	\$ 317,145	\$ 955,413	\$ 215,219	\$ 1,074,748	\$ 2,565,549	\$ 6,893,616	

The accompanying notes are an integral part of this financial statement.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

<i>For the Year Ended June 30, 2018</i>	Program Services					Support Services							Total
	Instructional	School administration	Pupil support services	Instructional staff services	Total	General administration	Central services	Food services	Business services	Ancillary services	Total		
Audit/Accounting Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,000	\$ -	\$ 33,000	\$ 33,000
Custodial Services	-	-	-	-	-	-	-	-	-	-	22,741	22,741	22,741
Depreciation	-	-	-	-	-	-	-	-	-	-	20,125	20,125	20,125
Dues/Fees	11,846	25,854	5,000	-	42,700	-	-	-	480	135	615	43,315	43,315
Employee Benefits	445,141	45,510	76,756	24,126	591,533	-	24,187	-	25,076	51,708	100,971	692,504	692,504
Food Service	18,477	519	491	1,918	21,405	-	2,607	883,747	-	-	886,354	907,759	907,759
Insurance	-	32,254	3,125	-	35,379	6,521	1,573	-	-	51,811	59,905	95,284	95,284
Interest	-	-	-	-	-	-	-	-	687	-	687	687	687
Legal Services	14,110	-	-	-	14,110	-	-	-	-	-	-	14,110	14,110
Miscellaneous	123,824	29,823	19,499	6,650	179,796	-	134,882	17,356	9,870	4,584	166,692	346,488	346,488
Rent/Lease	850	18,532	-	-	19,382	-	-	2,492	17,036	208	19,736	39,118	39,118
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	38,864	38,864	38,864	38,864
Salaries	2,153,691	213,981	411,408	124,869	2,903,949	-	121,079	-	126,143	172,085	419,307	3,323,256	3,323,256
Student summer programs	74,465	-	-	-	74,465	-	-	-	-	-	-	74,465	74,465
Supplies	144,257	2,467	4,687	55	151,466	-	135	-	4,348	20,256	24,739	176,205	176,205
Telephone and Postage	34,036	15,992	30,674	1,137	81,839	-	4,841	-	676	450	5,967	87,806	87,806
Textbooks	1,665	-	-	305	1,970	-	-	-	-	-	-	1,970	1,970
Transportation	8,655	-	1,600	-	10,255	-	-	-	-	417,645	417,645	427,900	427,900
Travel	1,126	-	451	30,279	31,856	-	-	-	-	-	-	31,856	31,856
Utilities	-	-	-	-	-	-	-	-	-	100,308	100,308	100,308	100,308
Total Expenses	\$ 3,032,143	\$ 384,932	\$ 553,691	\$ 189,339	\$ 4,160,105	\$ 6,521	\$ 289,304	\$ 903,595	\$ 217,316	\$ 900,920	\$ 2,317,656	\$ 6,477,761	\$ 6,477,761

The accompanying notes are an integral part of this financial statement.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
STATEMENTS OF CASH FLOWS

<i>For the Years Ended June 30,</i>	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (13,801)	\$ 287,574
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation expense	20,127	20,125
Change in operating assets and liabilities		
Other receivables	71,046	73,240
Grants receivable	18,143	213,435
Grants receivable - other local education agency	66,152	18,561
Prepays	110	(109)
Accounts payable	(151,234)	116,793
Net cash provided by operating activities	10,543	729,619
Net Increase in Cash, Cash Equivalents and Restricted Cash	10,333	729,619
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,627,071	897,452
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ 1,637,404	\$ 1,627,071
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 725	\$ 687
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 1,624,348	\$ 1,613,897
Restricted cash	13,056	13,174
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ 1,637,404	\$ 1,627,071

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



ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC. NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Advocates for Science & Mathematics Education, Inc. (Advocates) (a nonprofit organization) was incorporated in 2006 for the purpose of operating a charter school in New Orleans, Louisiana. Advocates operates New Orleans Charter Science and Mathematics High School (d/b/a Sci High) (the School). The School is an open-admission public charter school that prepares all students for college admissions and successful careers. The School provides a rigorous high school curriculum with an emphasis in science and mathematics in a supporting environment of learning and respect that prepares students to make informed choices about post-secondary pursuits. The Orleans Parish School Board (OPSB) granted Advocates a Type 3 charter to operate the School. Advocates has the full responsibility for the finances and operations of the School. As of July 1, 2017 Advocates became its own local education agency (LEA). Advocates no longer reports to OPSB, but instead reports directly to the Louisiana Department of Education. The change allowed Advocates to get more funds that are directly from State and Federal sources.

Basis of Accounting

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

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The financial statements of Advocates report certain categories of expenses that are attributable to more than one program or supporting function. The majority of these expenses are allocated based on actual time and effort. However, several of these expenses (e.g., rent/lease, supplies, phone/internet, etc.) require allocation based on usage (e.g., building square footage, estimated consumption, etc.) by each function.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is capitalized at cost and updated for additions and retirements during the year. The net carrying amount is considered the net realizable value. Donated property and equipment is recorded at fair market values as of the date received. Advocates maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. All reported property and equipment is depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Equipment and computers	5-12 years
Leasehold improvements	7 years

Income Tax Status

Advocates is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Advocates believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to financial statements.

Public Support and Revenue

Advocates receives its Minimum Foundation Program funds through the OPSB, all of its other support flows through from the Louisiana State Department of Education and the United States Department of Education.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as net assets without donor restrictions. Advocates uses the direct write-off method of writing off uncollectible receivables. As write-offs have been minimal in previous years, management represents that this does not significantly differ from use of the allowance method.



ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a temporary restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants and Other Receivables and Allowance for Doubtful Accounts

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Advocates uses the direct write-off method of writing off uncollectible grants and other receivables. As write-offs have been minimal in previous years, management represents that this does not significantly differ from use of the allowance method. At June 30, 2019 and 2018, management did not deem any grants and other receivables to be uncollectible; therefore, no allowance was recorded.

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

Cash Equivalents and Restricted Cash

For financial statement purposes, Advocates considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Advocates considers cash balances with a board or donor imposed restriction (purpose or time) to be restricted cash.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic 958, *Not-For-Profit Entities*. Advocates has classified its net assets, revenues, and expenses 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, revenues, and expenses for the general operation of the School.
- ***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. This category also includes contributions subject to donor-imposed restrictions which are to be held in perpetuity by Advocates. Generally, the donors of these assets permit Advocates to use all or part of the income derived from the investment of these contributions. This category also includes restrictions for student activity funds.

Recently Adopted Accounting Pronouncements

Effective July 1, 2018, Advocates adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts general described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents are 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.

Effective July 1, 2018, Advocates adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Advocates has adjusted the presentation of the accompanying financial statements accordingly, applying the changes retrospectively to the comparative period (2018) presented.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

The new standard changes the following aspects of Advocates' financial statements:

- The “temporarily restricted” and “permanently restricted” net asset classes have been combined into a single net asset class termed “net assets with donor restrictions” (See Note 6).
- The “unrestricted” net asset class has been termed “net assets without donor restrictions”.
- The presentation of functional classification of expenses is supplemented with enhanced disclosures about the methods used to allocate cost among functions and the basis for which to allocate cost between program and supporting expenses.
- The financial statements include a new footnote disclosure about liquidity and availability of resources (See Note 11).

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the current leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Advocates is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. Advocates is currently evaluating the effects the standard will have on its financial statements.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

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*. The amendments in this update should assist entities in (1) evaluating 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. The new standard is effective for fiscal years beginning after December 15, 2018. Advocates is currently evaluating the effects the standard will have on its financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Advocates maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended June 30, 2019 and 2018. Cash balances at years ended June 30, 2019 and 2018, exceeded the FDIC limits by \$1,549,445 and \$1,493,662, respectively. Advocates has not experienced any losses in such accounts. Advocates has no policy requiring collateral or other security to support its deposits.

NOTE 3 – LINE OF CREDIT

As of June 30, 2019, Advocates had available a line of credit (the Credit Agreement) with a local financial institution which provided for borrowings up to \$100,000 using a variable interest rate based on changes in the U.S. Prime Rate of 4.75% and 5.5% for the years ended June 30, 2019 and 2018, respectively. Outstanding borrowings under the Credit Agreement are collateralized with the certificates of deposit and accounts receivable. At June 30, 2019 and 2018, the line of credit had borrowings outstanding of \$9,677 and \$9,677, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Computers	\$ 6,356	\$ 6,356
Equipment	230,919	230,919
Leasehold improvements	80,335	80,335
Property and Equipment	317,610	317,610
Less: accumulated depreciation	(226,785)	(206,658)
Property and Equipment, Net	\$ 90,825	\$ 110,952

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was \$20,127 and \$20,125 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5 – SIGNIFICANT CONCENTRATIONS

For the years ended June 30, 2019 and 2018, Advocates received approximately 19% and 20% of its total revenue, respectively, from federal sources and approximately 75% and 74% of its total revenue, respectively, from state and local public school funds. For the years ended June 30, 2019 and 2018, Advocates had approximately 68% and 62% of its total grants receivable, respectively, from local sources and approximately 32% and 38% of its total grants receivable, respectively, from federal and state sources.

NOTE 6 – GRANTS RECEIVABLE

Grants receivable is comprised of the following balances:

At June 30,	2019	2018
Title I	\$ -	\$ 52,310
State of Louisiana Dept. of Treasury	1,724	26,121
Title II	14,158	22,074
Carl D. Perkins Grant	50,584	19,269
Title IV	17,108	-
Greater New Orleans Foundation	13,057	-
Freeport-McMoRan Grant	5,000	-
Total grants receivable	\$ 101,631	\$ 119,774

NOTE 7 – GRANTS RECEIVABLE - OTHER LOCAL EDUCATION AGENCY

Grants receivable – other local education agency (LEA) consists of amounts requested for federal grants that are for another LEA. Advocates’ grants receivable – other LEA was \$233 and \$66,385 at June 30, 2019 and 2018, respectively.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – RENT-FREE LEASE AGREEMENT

A rent-free lease agreement is held with the Louisiana Department of Education, Recovery School District (the RSD) for the use of buildings and grounds as school facilities. This lease is currently set to mature on June 30, 2024. Use of the facilities is not recorded as an in-kind contribution from RSD as 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 9 – CONTINGENCIES

The continuation of Advocates is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contracts with OPSB. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contracts, or if such appropriation is reduced by the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues from that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contracts, the contracts shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Foundation for Science and Mathematics Education, Inc. (the Foundation) was formed for the benefit of, to perform the functions of, and to carry out the purposes of Advocates. Advocates recorded approximately \$229,705 and \$280,782 in revenue from the Foundation for general school needs and activities during the years ended June 30, 2019 and 2018, respectively, of which, \$121,223 and \$192,269 were outstanding at June 30, 2019 and 2018, respectively, and recorded under other receivables in the accompanying financial statements.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Advocates has \$1,886,892 of financial assets available within one year of the statement of financial position dated June 30, 2019 to meet cash needs for general expenditures. This balance includes cash and cash equivalents of \$1,637,404, certificates of deposits of \$26,481 and receivables of \$223,087. Restricted cash and other current assets (prepaid expenses and deposits) were not included as these assets, by nature of the asset, have been partitioned for specific expenditures. Receivables are subject to implied time restrictions but are expected to be collected within one year. Advocates manages its liquidity required to meet its operating needs and believes the financial resources currently are appropriate to meet these needs.

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2019 and 2018 consisted of purpose restricted contributions from donors in the amount of \$152,272 and \$114,992, respectively. Net assets with donor restriction as of June 30 consisted of the following purpose restricted amounts:

	2019	2018
Career Development Fund	\$ 31,993	\$ 2,500
Chevron – Project Lead The Way (PTLW)	6,806	12,355
Student Activity Fund	13,056	13,174
Student Services	61,498	61,498
Supplemental Course Academy	16,327	4,433
Trauma Informed Grant	932	-
New Schools New Orleans SPED Launch	18,900	18,900
Miscellaneous	2,760	2,131
Total net assets with donor restrictions	\$ 152,272	\$ 114,992

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 31, 2020, and determined that no events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.



Supplementary Information

**ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS MADE TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019**

Agency Head Name: Monique Cola, Principal

PURPOSE	AMOUNT
Salary	\$ 136,000
Benefits-health insurance	17,953
Benefits-retirement	8,983
Deferred compensation	-
Workers comp	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-short term disability	-
Benefits-AD&D	-
Benefits-FICA & Medicare	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	175
Travel	83
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings & conventions	-
Other	-
Total	\$ 163,194



Reports Required by Government Auditing Standards



Carr, Riggs & Ingram, LLC
111 Veterans Memorial Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' 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

Board of Directors
Advocates for Science and Mathematics Education, Inc.
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 Science and Mathematics Education, Inc. (Advocates) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows, for the year then ended, and the related notes to financial statements, and have issued our report thereon dated January 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Advocates' 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 Advocates' internal control. Accordingly, we do not express an opinion on the effectiveness of Advocates' 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 Advocates' 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 material weaknesses 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 Advocates' 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 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 one 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 finding and responses as item 2019-001.

Advocates' Response to Findings

Advocates' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Advocates' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Advocates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Advocates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cam, Riggs & Ingram, L.L.C.

January 31, 2020

**ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2019.

C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

2019-001 – Failure to Comply with Louisiana Audit Law

Criteria: Advocates is required to comply with Louisiana Revised Statute 24:513 [Audit Law]. Per LA RS 24:513, annual financial statement "audits shall be completed within six months of the close of the entity's fiscal year."

Condition: The annual financial statement audit for the fiscal year ended June 30, 2019 was not completed within six months of the close of Advocates' fiscal year.

Effect: Advocates is not in compliance with LA RS 24:513.

Cause: Audit information was not received from third parties with sufficient time to allow the completion of the audit by the required filing deadline. Subsequent to year end, Advocates filed for an extension with the Louisiana Legislative Auditor and received its approval.

Auditors' recommendation: Advocates should ensure the audit is completed within six months of the close of its fiscal year.

Status and Planned Corrective Action: See page 24.



**ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2018.

C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

There were no findings related to compliance and other matters for the year ended June 30, 2018.



MANAGEMENT'S RESPONSE TO FINDINGS

Finding 2019-001 – Failure to Comply with Louisiana Audit Law

Status: In progress.

Planned Corrective Action: Ensure timely completion of the annual required financial statement audit and related statewide agreed-upon procedures.

Person(s) Responsible: Melanie Flot, Director of Finance

Estimated Completion Date: June 30, 2020

Melanie Flot, Director of Finance

**ADVOCATES FOR SCIENCE AND
MATHEMATICS EDUCATION, INC.**

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2019



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CPAs and Advisors

CRIcpa.com



Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Advocates for Science and Mathematics Education, Inc.
the Louisiana Department of Education,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the management of Advocates for Science & Mathematics Education, Inc. (a nonprofit organization) (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2019; 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) Bulletin in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for the 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.

The procedures and associated results are as follows:

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

1. We will select a sample of 25 transactions, review supporting documentation, and observe that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

Results: Exception noted - Supporting documentation was not available for one (1) of the twenty-five (25) individuals selected.

Class Size Characteristics (Schedule 2 – Formerly Schedule 6)

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. We will then trace a sample of 10 classes to the October 1st roll books for those classes and observe that the class was properly classified on the schedule.

Results: No exceptions were found as a result of applying the procedure. Although the schedule reports regular classes with enrollment above the maximum students allowed, this requirement is not applicable to charter schools.

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

3. We will obtain October 1st 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 obtain management’s representation that the data/listing was complete. We will then select a sample of 25 individuals, trace to each individual’s personnel file, and observe that each individual’s education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: Exception noted - The education level for one (1) of the twenty-five (25) individuals selected was not properly reported in the PEP data.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We will obtain June 30th 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 obtain management’s representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual’s personnel file, and observe 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: Exceptions noted - The salary and extra compensation for six (6) of the twenty-five (25) individuals selected was not properly reported in the PEP data.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were 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 School, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Cary Riggs & Ingram, L.L.C.

January 31, 2020

ADVOCATES FOR SCIENCE & MATHEMATICS EDUCATION, INC.
SCHEDULE 1

**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2019**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:	
Teacher and student interaction activities:	
Classroom teacher salaries	\$ 2,112,140
Other instructional staff activities	175,041
Instructional Staff Employee benefits	445,467
Purchased professional and technical services	57,980
Instructional materials and supplies	182,488
Less instructional equipment	-
Total teacher and student interaction activities	2,973,116
Other instructional activities	189,316
Pupil support activities	588,883
Less equipment for pupil support activities	-
Net pupil support activities	588,883
Instructional Staff Services	243,207
Less equipment for instructional staff services	-
Net instructional staff services	243,207
School Administration	334,349
Less: Equipment for School Administration	-
Net School Administration	334,349
Total general fund instructional expenditures	\$ 4,328,871

NOTE: The remainder of Schedule 1 is not applicable to Advocates.

See independent accountants' report on applying agreed-upon procedures.

ADVOCATES FOR SCIENCE & MATHEMATICS EDUCATION, INC.
SCHEDULE 2

CLASS SIZE CHARACTERISTICS
AS OF OCTOBER 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	59%	176	29%	87	4%	13	0%	1
High Activity Classes	3%	9	4%	11	1%	3	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

See independent accountants' report on applying agreed-upon procedures.



January 31, 2020

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to
Board of Elementary and Secondary Education Agreed-Upon Procedures
Advocates for Science & Mathematics Education, Inc.

Dear Sirs:

Advocates for Science & Mathematics Education, Inc. will review policies and procedures in regard to the comments for each schedule of performance and statistical data. We will make appropriate changes to improve reporting on each schedule of performance and statistical data that are cost effective and within our budget constraints.

Sincerely,

Melanie Flot
Director of Finance