Financial Report

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

June 30, 2019

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Financial Report

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

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (a non-profit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Lusher Charter School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

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opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation of the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School as of June 30, 2019, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule (Schedule 1) is presented for purposes of additional analysis, is required by Louisiana Revised Statute 24:513(a)(3), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School's financial statements, and our report dated December 12, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report, dated December __, 2019 on our consideration of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 11, 2019.

Exhibit A

STATEMENT OF FINANCIAL POSITION

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

June 30, 2019
(with comparative totals for 2018)

	2019	2018
ASSETS		
Cash and cash equivalents	$ 2,586,725	$ 2,683,564
Grants receivable	217,999	373,416
Prepaid expenses	210,483	160,416
Investments	14,290,169	13,846,861
Other	483,360	214,984
Property and equipment, net	3,352,689	3,467,719
Total assets	$21,141,425	$20,746,960
LIABILITIES		
Accounts payable	$ 226,706	$ 205,716
Accrued expenses	1,355,488	1,170,979
Total liabilities	1,582,194	1,376,695
NET ASSETS		
Without donor restrictions	19,212,480	19,055,313
With donor restrictions	346,751	314,952
Total net assets	19,559,231	19,370,265
Total liabilities and net assets	$21,141,425	$20,746,960

See notes to financial statements.

STATEMENT OF ACTIVITIES

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

For the year ended June 30, 2019
(with comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Totals	2018 Totals Only
Revenues and Other Support				
Contributions	$ 49,054	$ 434,226	$ 483,280	$ 390,559
Grants:				
Government	696,060	-	696,060	511,888
State - Minimum Foundation Program	6,359,427	-	6,359,427	6,520,181
Local - Minimum Foundation Program	10,432,097	-	10,432,097	9,894,275
Other	76,774	-	76,774	128,392
Student activity fees	759,931	-	759,931	728,359
Other revenue	1,047,872	-	1,047,872	957,578
Investment income	445,480	-	445,480	102,072
Net assets released from restrictions	402,427	(402,427)	-	-
Total revenues and other support	20,269,122	31,799	20,300,921	19,233,304
Expenses				
Program services	18,316,451	-	18,316,451	18,735,914
Management and general	1,569,961	-	1,569,961	527,193
Fundraising	225,543	-	225,543	151,760
Total expenses	20,111,955	-	20,111,955	19,414,867
Increase (decrease) in net assets	157,167	31,799	188,966	(181,563)
Net Assets				
Beginning of year	19,055,313	314,952	19,370,265	19,551,828
End of year	$19,212,480	$ 346,751	$19,559,231	$19,370,265

See notes to financial statements.

Exhibit C

STATEMENT OF FUNCTIONAL EXPENSES

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

For the year ended June 30, 2019
(with comparative totals for 2018)

	2019				2018
	Program Services	Management and General	Fundraising	Total Expenses	Totals Only
Advertising	$ 9,816	$ 1,023	$ 88	$ 10,927	$ 16,193
Conferences	4,245	-	-	4,245	15,833
Depreciation	174,983	3,571	-	178,554	193,189
Dues and fees	409,046	27,331	-	436,377	287,758
Employee benefits	900,812	84,215	2,248	987,275	952,259
Field trips	224,388	-	-	224,388	123,277
Information technology	246,928	1,866	62	248,856	152,985
Insurance	148,049	-	-	148,049	142,140
Interest	-	4,121	-	4,121	3,371
Legal and accounting	20,802	99,754	-	120,556	120,584
Occupancy	939,724	-	-	939,724	930,965
Office expenses	1,179,371	17,714	2,240	1,199,325	1,241,211
Other expenses	37,485	-	-	37,485	33,881
Other purchased services	361,649	-	-	361,649	474,460
Payroll taxes	165,553	35,841	947	202,341	203,060
Professional and technical services	425,795	3,816	3,035	432,646	316,900
Retirement contributions	2,659,990	187,802	17,132	2,864,924	2,823,689
Salaries and wages	10,146,796	1,101,652	198,802	11,447,250	11,166,825
Student transportation	140,869	-	-	140,869	126,223
Travel	120,150	1,255	989	122,394	90,064
	$18,316,451	$1,569,961	$225,543	$20,111,955	$19,414,867

See notes to financial statements.

Exhibit D

STATEMENT OF CASH FLOWS

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

New Orleans, Louisiana

For the year ended June 30, 2019
(with comparative totals for 2018)

	2019	2018
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ 188,966	$ (181,563)
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities:		
Depreciation	178,554	193,189
Unrealized (gain) loss on investment	(228,466)	132,018
Realized loss on investments	44,154	34,670
(Increase) decrease in assets:		
Grants receivable	155,417	(106,538)
Prepaid expenses	(50,067)	137,898
Other	(268,376)	35,321
Increase in liabilities:		
Accounts payable and accrued expenses	205,499	71,849
Net cash provided by operating activities	225,681	316,844
Cash Flows From Investing Activities		
Property and equipment purchases	(63,524)	(274,981)
Proceeds from maturities of investments	4,804,327	6,911,294
Purchases of investments	(5,063,323)	(6,706,750)
Net cash used in investing activities	(322,520)	(70,437)
Cash Flows From Financing Activities		
Payment of short term trade accounts payable used to finance property and acquisitions	-	(125,106)

	2019	2018
Net Increase (Decrease) in Cash and Cash Equivalents	(96,839)	121,301
Cash and Cash Equivalents		
Beginning of year	2,683,564	2,562,263
End of year	$2,586,725	$2,683,564

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

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

New Orleans, Louisiana

June 30, 2019 and 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

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

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

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

b. Basis of Accounting

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

d. Cash and Cash Equivalents

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

e. Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

f. Promises to Give

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of June 30, 2019 and 2018, the School did not have outstanding unconditional promises to give.

g. Investments

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

h. Property, Equipment, and Depreciation

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Compensated Absences

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

j. Contributions and Revenue Recognition

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

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

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

k. Functional Allocation of Expenses

Expenses have been reported on the Statement of Activities by natural classification. To present expenses by functional classifications, expenses are charged to program services and supporting services (management and general expense and fundraising expense) based on management's estimate of periodic time and expense evaluations. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. In-kind Support

The School records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support for the years ended June 30, 2019 and 2018 was deemed insignificant.

m. Financial Statement Presentation

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

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

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

n. Tax Matters

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

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2019, management of the School believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2016 and later remain subject to examination by the taxing authorities.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Recently Issued Accounting Standards

Presentation of Financial Statements for Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "*Not-for-Profit Entities (Topic 958)*: *Presentation of Financial Statements for Not-for-Profit Entities"*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. The ASU is effective for annual reporting periods beginning after December 15, 2017. The School has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2018.

Leases

In February 2016, the FASB issued ASU 2016-02, "*Leases" (Topic 842)*. ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Recently Issued Accounting Standards (Continued)

Leases (Continued)

similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The School is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers" (Topic 606)*, which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU 2014-09, the FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The ASU is effective for annual reporting periods beginning after December 15, 2018, with certain early adoption provisions available. The School is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

p. Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation.

q. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 11, 2019, which is the date the financial statements were available to be issued.

Note 2 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2019 and 2018 are restricted for the following purposes or periods:

	2019	2018
Subject to expenditure for specified purpose:		
Instructional and other	$346,751	$314,952

Note 3 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2019 and 2018 consists of the following:

	2019	2018
Site improvements	$ 888,937	$ 888,937
Building improvements	2,866,608	2,856,239
Equipment	1,954,757	1,901,602
	5,710,302	5,646,778
Less accumulated depreciation	(2,357,613)	(2,179,059)
Totals	$3,352,689	$3,467,719

Depreciation expense for the years ended June 30, 2019 and 2018 totaled $178,554 and $193,189, respectively.

Note 4 - INVESTMENTS

Investments as of June 30, 2019 and 2018 are composed of the following:

	2019		
	Cost	Fair Market Value	Excess of Market Over Cost
U.S. Government Agency bonds and notes	$13,894,968	$13,957,791	$ 62,823
Mutual fund	332,378	332,378	-
Totals	$14,227,346	$14,290,169	$ 62,823

Note 4 - INVESTMENTS (Continued)

	2018		
	Cost	Fair Market Value	Excess of Cost Over Market
U.S. Government Agency bonds and notes	$13,718,261	$13,552,618	$(165,643)
Mutual fund	294,243	294,243	-
Totals	$14,012,504	$13,846,861	$(165,643)

Investment activity for the years ended June 30, 2019 and 2018 is as follows:

	Cost	Market	Excess of Market Over Cost (Cost Over Market)
Balances as of June 30, 2019	$14,227,346	$14,290,169	$ 62,823
Balances as of June 30, 2018	$14,012,504	$13,846,861	(165,643)
Increase in unrealized appreciation			228,466
Net realized loss			(44,154)
Interest and dividend income			261,168
Net investment income - 2019			$ 445,480

	Cost	Market	Excess of Cost Over Market
Balances as of June 30, 2018	$14,012,504	$13,846,861	$(165,643)
Balances as of June 30, 2017	$14,251,718	$14,218,093	(33,625)
Increase in unrealized depreciation			(132,018)
Net realized loss			(34,670)
Interest and dividend income			268,760
Net investment income - 2018			$ 102,072

Note 5 - FAIR VALUE MEASUREMENTS

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

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

- *U.S. Government Agency Bonds and Notes and Mutual Fund:* Valued at the closing price reported on the active market on which the individual securities are traded. These are included in Level 1 of the fair value hierarchy.

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

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

As of June 30, 2019 and 2018, assets measured at fair value on a recurring basis are comprised of and determined as follows:

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

Description	Fair Value As of June 30, 2018	Based on: Quoted Prices In Active Markets (Level 1)	Based on: Other Observable Inputs (Level 2)	Based on: Unobservable Inputs (Level 3)
U.S. Government Agency bonds and notes	$13,552,618	$13,552,618	$ -	$ -
Mutual fund	294,243	294,243	-	-
Totals	$13,846,861	$13,846,861	$ -	$ -

As of June 30, 2019 and 2018, there were no assets measured at fair value on a non-recurring basis.

Note 6 - LEASES

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

Future minimum lease payments relating to the modular building lease are as follows:

Year Ending June 30,	
2020	$4,850

Rent expense for the years ended June 30, 2019 and 2018 totaled $81,479 and $79,529, respectively.

Note 7 - RETIREMENT PLANS

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

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

Participants are required to contribute to the plan 8% of their annual covered payroll; the School was required to contribute 26.7% and 26.6% respectively, of the annual covered payroll of each participating employee for the years ended June 30, 2019 and 2018. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the years ended June 30, 2019 and 2018, School contributions to this plan totaled $2,864,924 and $2,823,689, respectively.

Note 7 - RETIREMENT PLANS (Continued)

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

Additionally, the School sponsors a deferred compensation plan under IRC section 457(b) for the benefit of one highly compensated employee who is not eligible to participate in the TRSL plan. The School's contributions to the 457(b) plan totaled $18,500 for both the years ended June 30, 2019 and 2018.

Note 8 - GRANTS

The United States Department of Education passed through a grant to Louisiana Department of Education (LDOE), which was awarded to the School as a subrecipient, to increase academic achievement through strategies such as improving teacher and principal quality and increase the number of highly qualified teachers, principals, and assistant principals. The grant funds must be used to assist schools in effectively recruiting and retaining highly qualified teachers, to make available professional development activities that address subject matter knowledge, and other activities. For the years ended June 30, 2019 and 2018, the School recognized revenue under this grant of $59,769 and $54,612, respectively.

The United States Department of Education passed through a grant to LDOE, which was awarded to the School as a subrecipient, to assist meeting the costs of providing special education and related services to children with disabilities. The grant funds must be used to provide special education and related services to eligible children. For the years ended June 30, 2019 and 2018, the School recognized revenue under this grant of $320,925 and $162,022, respectively.

The Louisiana Department of Education passed through a grant to LDOE, which was awarded to the School as a subrecipient, to assist meeting the costs of providing special education and related services to children with disabilities. The grant funds must be used to provide special education and related services to eligible children. For the years ended June 30, 2019 and 2018, the School recognized revenue under this grant of $20,781 and $41,012, respectively.

Note 8 - GRANTS (Continued)

The Louisiana Department of Education passed through a grant to the School which provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards. For the year ended June 30, 2019 and 2018, the School recognized revenue under this grant of $299,114 and 243,036, respectively.

The Louisiana Department of Education passed through other grants to the School which totaled $16,252 and $11,206 for the years ended June 30, 2019 and 2018, respectively.

OPSB provides funding for the general use of the School which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. Revenues received by OPSB from sales tax revenues, ad valorem taxes, and other sources are allocated to each school based on its enrollment. For the years ended June 30, 2019 and 2018, the School recognized revenue under this grant of $10,432,097 and $9,894,275, respectively.

The State of Louisiana provides funding for the general use of the School which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the years ended June 30, 2019 and 2018, the School recognized revenue under this grant of $6,359,427 and $6,520,181, respectively.

The State of Louisiana provides funding to the School for instructional enhancements for students. For the years ended June 30, 2019 and 2018, the School recognized revenue under this grant of $32,930 and $33,952, respectively. These amounts are reported in Grants - Other on the Statement of Activities.

Note 9 - AVAILABILITY OF FINANCIAL ASSETS

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

Note 9 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following reflects the School's financial assets as of June 30, 2019, reduced by amounts not available for general use because of donor-imposed restrictions.

Financial assets:	
Cash and cash equivalents	$ 2,586,725
Grants receivable	217,999
Investments	14,290,169
Total financial assets as of June 30, 2019	17,094,893
Less amounts unavailable for general expenditures within one year, due to:	
Donor imposed restrictions:	
Restricted by donors with time or purpose restriction	(346,751)
Financial assets available to meet cash needs for general expenditures within one year	$16,748,142

Note 10 - SCHOOL OPERATIONS/LEASEHOLD INTEREST

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

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

Note 10 - SCHOOL OPERATIONS/LEASEHOLD INTEREST (Continued)

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

Note 11 - COMMITMENTS

The School has employment contracts as is standard in the field of education with most of its teachers and which expire June 30, 2020. All contracts provide for a minimum annual salary and other benefits.

Note 12 - RISK MANAGEMENT

The School is exposed to various risks of loss from torts, theft and damage to assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims or unsettled claims that exceeded this commercial coverage during the years ended June 30, 2019 and 2018.

Note 13 - CONCENTRATIONS OF RISK

The School received a substantial amount of its revenue through grants awarded by the federal, state, and local governments for the years ended June 30, 2019 and 2018 which totaled $17,564,358 and $17,054,736, respectively, or 87% and 89% of total revenue for each of the years ended June 30, 2019 and 2018, respectively.

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

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School has a written policy for custodial credit risk. As of June 30, 2019, the School's bank balances, including money market funds, were approximately $2,868,000. Balances insured by the Federal Deposit Insurance Corporation, which covers up to $250,000 per financial institution, totaled approximately $250,000 as of June 30, 2019. The remaining deposits of approximately $2,618,000 were uninsured and collateralized with an FHLMC letter of credit of $20,000,000 held by the pledging financial institution's trust department or agent, but not in the School's name.

SUPPLEMENTARY INFORMATION

Schedule 1

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

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

For the year ended June 30, 2019

Agency Head Name: Kathleen Riedlinger, Chief Executive Officer

Purpose		
Salary	$ 256,600	
Benefits - insurance	6,550	
Benefits - retirement	0	[1]
Benefits - other	45,134	[2]
Car allowance	6,000	
Vehicle provided by government	0	
Per diem	0	
Reimbursements	323	
Travel	1,064	
Registration fees	0	
Conference travel	0	
State of LA - Professional Improvement Program (PIP) Compensation	1,529	
Housing	0	
Unvouchered expenses	0	
Special meals	0	
	$ 317,200	

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

[2] 457 Plan and Other Retirement Compensation

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the financial statements of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (a non-profit organization) (the "School") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's financial statements, and have issued our report thereon dated December 11, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 11, 2019

SCHEDULE OF FINDINGS AND RESPONSES

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

For the year ended June 30, 2019

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ____ Yes _X_ None reported

Noncompliance material to financial statements noted? ____ Yes _X_ No

b) Federal Awards

The School did not expend more than $750,000 in federal awards during the year ended June 30, 2019, and therefore, is exempt from the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

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

Internal Control Over Financial Reporting

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2019.

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

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2019.

Section III - Federal Award Findings and Questioned Costs

Internal Control/Compliance

The School did not expend more than $750,000 in federal awards during the year ended June 30, 2019, and therefore, is exempt from the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

<u>REPORTS BY MANAGEMENT</u>

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

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

New Orleans, Louisiana

For the year ended June 30, 2019

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

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2018 related to internal control over financial reporting material to the basic financial statements.

Compliance and Other Matters

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2018 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

The School did not expend more than $750,000 in federal awards during the year ended June 30, 2018, and therefore, is exempt from the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2018.

MANAGEMENT'S CORRECTIVE ACTION PLAN

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

New Orleans, Louisiana

For the year ended June 30, 2019

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

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

Section II - Internal Control and Compliance Material to Federal Awards

The School did not expend more than $750,000 in federal awards during the year ended June 30, 2019, and therefore, is exempt from the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section III - Management Letter

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

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the management of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (the "School"), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the 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), in compliance with Louisiana Revised Statute 24:514(I). Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

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

1. We selected a random sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on Schedule 1.

   No exceptions were noted.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We traced a sample of 10 classes to the October 1, 2018 roll books for those classes and observed that the class was properly classified on the schedule.

   No exceptions were noted.

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

3. We obtained the October 1, 2018 PEP data submitted to the Department of Education, including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data.

   No exceptions were noted.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained a list of all classroom teachers including base salaries, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the listing was complete. We selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the list.

   No exceptions where noted.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School as required by Louisiana Revised Statue 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 11, 2019.

Schedule 1

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES

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

For the year ended June 30, 2019
(Unaudited)

General Fund Instructional and Equipment Expenditures

Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	$ 6,564,234	
Other Instructional Staff Salaries	350,411	
Instructional Staff Employee Benefits	2,564,313	
Purchased Professional and Technical Services	221,412	
Instructional Materials and Supplies	645,875	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		$ 10,346,245
Other Instructional Activities		630,251
Pupil Support Services	905,515	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		905,515
Instructional Staff Services	725,435	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		725,435
School Administration	2,830,557	
Less: Equipment for School Administration	(178,554)	
Net School Administration		2,652,003
Total General Fund Instructional Expenditures		$ 15,259,449
Total General Fund Equipment Expenditures		$ 178,554

Schedule 1
(Continued)

<u>Certain Local Revenue Sources</u>

Local Taxation Revenue:		
Constitutional Ad Valorem Taxes	$	-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue	$	-
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property	$	-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property	$	-
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax	$	-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes	$	-
Nonpublic Textbook Revenue	$	-
Nonpublic Transportation Revenue	$	-

CLASS SIZE CHARACTERISTICS

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

As of October 1, 2018
(Unaudited)

	Class Size Range							
	1-20		21-26		27-33		34+	
School Type	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	200	78	294	76	42	61	1	100
Combination Activity Classes	55	22	91	24	27	39	-	-
Totals	255	100	385	100	69	100	1	100

STATEWIDE AGREED UPON PROCEDURES (R.S. 24:513)

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures included in the enumerated below, which were agreed to by the management of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (the "School") and the Legislative Auditor, State of Louisiana, solely to assist the specified users of the report in evaluating management's assertions about the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) accompanying the annual financial statements of the School for the year ended June 30, 2019 and to determine whether the C/C areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures are free of obvious errors and omissions. Management of the School is responsible for its C/C areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures. The sufficiency of these procedures is solely the responsibility of the specified parties in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that were performed and our findings are as follows:

Written Policies and Procedures

1. **Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.**

   a) **Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.**

   No exceptions were noted.

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Board or Finance Committee

2. **Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws or equivalent document in effect during the fiscal period, and:**

    a) **Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.**

    We reviewed the School's by laws and determined that the only required meeting of the managing board is an annual meeting at the beginning of the school year. The board fulfilled this requirement in October 2018.

    b) **For those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.**

    No exceptions were noted.

    c) **For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.**

    This step is not applicable to the School.

Bank Reconciliations

Testing is not applicable as there were no findings in prior year SAUPs.

Collections

Testing is not applicable as there were no findings in prior year SAUPs.

Non-Payroll Disbursements - (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

Testing is not applicable as there were no findings in prior year SAUPs.

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

Testing is not applicable as there were no findings in prior year SAUPs.

Travel and Travel-Related Expense Reimbursement

Testing is not applicable as there were no findings in prior year SAUPs.

Contracts

Testing is not applicable as there were no findings in prior year SAUPs.

Payroll and Personnel

Testing is not applicable as there were no findings in prior year SAUPs.

Other

Testing is not applicable as there were no findings in prior year SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We are not engaged to, and did not perform an examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. 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.

This report is intended solely for the information and use of the School, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and it not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 11, 2019.