



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1-3
Financial Statements:	
Statement of Financial Position as of June 30, 2022	4
Statement of Activities for the Year Ended June 30, 2022	5
Statement of Functional Expenses for the Year Ended June 30, 2022	6
Statement of Cash Flows for the Year Ended June 30, 2022	7
Notes to the Financial Statements	8-15
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	16
Notes to Schedule of Expenditures of Federal Awards	17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18-19
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	20-22
Summary of Auditor's Results	23
Schedule of Findings and Management Responses	24-27
Update of Prior Year Findings	28
Schedule of Compensation, Benefits, And Other Payments to Agency Head or Chief Executive Officer	29
Management's Corrective Action Plan	30
Independent Accountant's Report on Applying Agreed-Upon Procedures – Performance and Statistical Data	31-33
Schedules Required by State Law	34
SCHEDULE 1	
General and Fund Instructional and Support Expenditures And Certain Local Revenue Sources	35
SCHEDULE 2	
Class Size Characteristics	36



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (a nonprofit organization) (the School), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards 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 April 28, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
April 28, 2023

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

ASSETS	
Cash - Unrestricted	\$ 2,679,922
Cash - Restricted	38,591
Grants Receivable	991,387
Prepaid Expense	69,382
TOTAL ASSETS	<u><u>\$ 3,779,282</u></u>
LIABILITIES	
Accounts Payable	\$ 294,524
Accrued Expenses	9,411
Funds Held on Behalf of Others	38,591
TOTAL LIABILITIES	<u><u>342,526</u></u>
NET ASSETS	
Without Donor Restrictions	<u>3,436,756</u>
TOTAL NET ASSETS	<u><u>3,436,756</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,779,282</u></u>

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

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants:			
State	\$ 95,240	\$ -	\$ 95,240
Federal	1,977,699	-	1,977,699
State and Local Minimum Foundation Program	3,832,949	-	3,832,949
Other Income	66,812	-	66,812
TOTAL SUPPORT AND REVENUE	<u>\$ 5,972,700</u>	<u>\$ -</u>	<u>\$ 5,972,700</u>
EXPENSES			
Instruction:			
Regular Programs	2,820,443	-	2,820,443
Special Education Programs	324,257	-	324,257
Special Programs	220,758	-	220,758
Total Instruction	<u>3,365,458</u>	<u>-</u>	<u>3,365,458</u>
Supporting Services:			
Pupil Support Services	6,527	-	6,527
Instructional Staff Services	1,457	-	1,457
General Administration	168,386	-	168,386
School Administration	897,594	-	897,594
Business Services	320,911	-	320,911
Operation and Maintenance of Plant Services	761,758	-	761,758
Student Transportation Services	275,415	-	275,415
Food Services Operations	6,840	-	6,840
Total Supporting Services	<u>2,438,888</u>	<u>-</u>	<u>2,438,888</u>
TOTAL EXPENSES	<u>\$ 5,804,346</u>	<u>\$ -</u>	<u>\$ 5,804,346</u>
Change in Net Assets	168,354	-	168,354
Net Assets Adjustment	(130,056)	-	(130,056)
Net Assets, Beginning of Year	<u>3,398,458</u>	<u>-</u>	<u>3,398,458</u>
NET ASSETS, END OF YEAR	<u>\$ 3,436,756</u>	<u>\$ -</u>	<u>\$ 3,436,756</u>

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

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Instructional Programs</u>	<u>Support Services</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 1,562,268	\$ 697,198	\$ 2,259,466
Employee Benefits	550,426	233,501	783,927
Payroll Services	-	65,259	65,259
Stipends	179,259	-	179,259
Insurance	202,550	176,508	379,058
Dues & Fees	28,750	15,403	44,153
Purchased Educational Expense	322,451	-	322,451
Other Purchased Services	54,640	13,261	67,901
Travel Expense	5,269	46,513	51,782
Materials and Supplies	171,448	10,773	182,221
Advertising Expense	-	13,371	13,371
Communication Expense	-	68,423	68,423
Repairs & Maintenance	85,976	309,865	395,841
Aides Expense	97,525	-	97,525
Transportation	68,585	275,415	344,000
MFP Admin Fees	-	75,301	75,301
Legal Services	-	38,500	38,500
Professional Services	18,290	159,834	178,124
Equipment Rental	16,850	-	16,850
Depreciation	-	1,429	1,429
Other Expense	1,171	14,164	15,335
Food Services	-	6,840	6,840
Utilities	-	217,330	217,330
Total Expenses	<u>\$ 3,365,458</u>	<u>\$ 2,438,888</u>	<u>\$ 5,804,346</u>

The accompanying notes are an integral part of the financial statements

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities	
Change in Net Assets	\$ 168,354
Net Assets Adjustments	(130,056)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	1,429
Net Changes in Assets and Liabilities:	
Increase in Grant Receivables	(272,333)
Increase in Other Assets	(2,088)
Increase in Accounts Payable	104,386
Decrease in Accrued Expenses	(60,857)
Decrease in Funds Held on Behalf of Others	(15,454)
Decrease in Other Current Liabilities	(19,343)
Total Adjustments	<u>(264,260)</u>
Net Cash Used by Operating Activities	(225,962)
Net Decrease in Cash and Cash Equivalents	(225,962)
Cash and Cash Equivalents - Beginning of Year	<u>2,944,475</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 2,718,513</u></u>

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

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (the School) was organized as a non-profit corporation under the laws of the State of Louisiana on February 20, 2006. The School entered into an Operating Agreement with Orleans Parish School Board (OPSB) effective June 1, 2006, whereby the School would operate a Type III charter school as defined in LSA R.S. 17:3973(3)(b). The charter was granted for a minimum of five (5) years, with the fifth year in operation concluding June 30, 2011. The charter was renewed for an additional six years effective July 1, 2011 and July 1, 2017 for four (4) years expiring on June 30, 2021. Commencing on July 1, 2021, the agreement was renewed for an additional three years expiring on June 30, 2024.

Basis of Accounting

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

Basis of Presentation

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

- *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the School. The School's board may designate assets without restrictions for specific operational purposes from time to time. All of the School's net assets at June 30, 2022 were classified as without donor restrictions.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As of June 30, 2022, the School had no net assets with donor restrictions.

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the School considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents. The School had no cash equivalents at June 30, 2022.

Grants Receivable

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

Property and Equipment

Capital assets, which include property and equipment, are reported at historical cost or estimated cost. Donations of property and equipment are recorded as contributions at their estimated fair value. The School does not have an official dollar threshold for capitalizing property and equipment and instead analyzes purchases on a case-by-case basis. Repairs and maintenance and small equipment purchases are charged to expense when incurred.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Concentration of Credit

The School maintains cash balances in two financial institutions located in Louisiana which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The School had \$2,614,572 in excess of the insured limits in one bank at June 30, 2022. However, the bank had pledged investment securities to guarantee the School's deposits.

Functional Allocation of Expenses

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

When possible, expenses are first allocated by direct identification and then by allocation if an expenditure benefits more than one program or function. The expenses that are allocated are allocated on the basis of estimates of time and effort. There were no such allocated expenses during the year ended June 30, 2022.

Income Taxes

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

Revenue Recognition

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

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

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Recent Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organization, to annual periods beginning after December 15, 2021. The School is currently evaluating the effects of this ASU.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The School is substantially supported by grants and donations on an unrestricted and restricted basis. Because a grantor or donor's restrictions requires resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its grantors and donors. Thus, financial assets may not be available for general expenditures within one year. As part of the School's liquidity management, management has established a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Management established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, include cash reserves totaling \$2,679,922 and grants receivable balances expected to be collected within a year totaling \$991,387.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

NOTE 3 – GRANTS RECEIVABLE

Grants receivables are deemed to be fully collectible by management as of June 30, 2022. Outstanding grants receivable consisted of the following at June 30, 2022:

<u>Program</u>	<u>Amount</u>
Title 1 Grant	17,427
LA-4 Federal Grant	3,544
LA-4 State Grant	8,672
Elementary and Secondary School Emergency Relief (ESSER) II	149,221
Elementary and Secondary School Emergency Relief (ESSER) III	812,523
Total Grants Receivable	<u><u>\$ 991,387</u></u>

NOTE 4 – COMPENSATED ABSENCES

All full-time employees earn paid leave at various rates based on employment classification. The earned leave may be used in the event of their own illness, a family illness, bereavement, or for personal business. Employees do not have the right to carryover paid leave days at the end of the fiscal year. Employees are paid for any accrued unpaid leave at the end of the fiscal year, or upon an employee's separation from employment.

NOTE 5 – PROPERTY AND EQUIPMENT

Equipment totaling \$10,000 became fully depreciated during the year ended June 30, 2022. Depreciation expense for the year ended June 30, 2022 was \$1,429.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – FUNDS HELD ON BEHALF OF OTHERS

The School acts as a custodian for student activity accounts. Funds held on behalf of these groups amounted to \$38,591 at June 30, 2022, and is reported as both an asset (restricted cash) and a liability (Funds held on behalf of others). Consequently, there is no effect on the School's net assets.

NOTE 7 – PUBLIC SUPPORT AND REVENUE

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the state of Louisiana and the Orleans Parish School Board. The School received \$1,569,451 from the State and \$2,263,498 from the Orleans Parish School Board per eligible student at the official pupil count date of October 1, 2021, payable in monthly installments. State and Federal grants are on a cost reimbursement basis.

NOTE 8 – RISK MANAGEMENT AND UNCERTAINTIES

The School is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no claims for the year ended June 30, 2022.

NOTE 9 – SCHOOL FACILITIES OPERATING LEASE

Effective July 1, 2017 the School entered into an agreement with the Orleans Parish School Board, which allows the School to use the facilities and its contents located at 8550 Curran Boulevard, New Orleans, Louisiana, or any other locations as may be approved by the School and the OPSB. The agreement expired on June 30, 2021 and was renewed on July 1, 2021 for an additional three years expiring on June 30, 2024. For the use of the facilities, the School reimburses property insurance costs to OPSB. The School paid OPSB \$69,218, for the year ended June 30, 2022.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. Improvements made to the facilities become property of OPSB.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – SCHOOL FACILITIES OPERATING LEASE (CONTINUED)

Use of the property is not recorded as an in-kind contribution from the OPSB, nor as a related rent expense. The value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

NOTE 10 – RETIREMENT PLAN

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

Teachers' Retirement System of Louisiana (TRSL)

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

Funding Policy - Plan members are required to contribute 8.0% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The current rate is 25.8% of annual covered payroll for the year ended June 30, 2021. Member contributions and employer contributions for the TRSL are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School's contributions to the TRSL for the year ended June 30, 2022 was \$632,397, which is equal to the required contributions for the year.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – RELATED PARTY TRANSACTIONS

The School entered into a professional service contract with a company, Generation Success, to operate and provide a unique educational program for six weeks of the summer, June 7, 2021 through July 30, 2021, at the School. The Executive Assistant to the Chief Executive Officer of the School is on file with Louisiana Secretary of State as an Officer of the company, Generation Success. The total amount of the contract was \$42,500. The final 50% of the contract was paid during the year ended June 30, 2022.

NOTE 12 – BOARD OF DIRECTORS' COMPENSATION

The members of the Board of Directors serve in a voluntary capacity; therefore, no compensation was paid to any board member during the year ended June 30, 2022.

NOTE 13 – NET ASSETS ADJUSTMENT

Management determined a net assets adjustment totaling \$130,056 was necessary to properly state beginning net assets.

NOTE 14 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of April 28, 2023, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grantor / Pass-Through Grantor / Program Name</u>	<u>Assistance Listing Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Grant Expenditures</u>	<u>Pass-Through Expenditures</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education					
Pass-Through Programs From:					
<u>Louisiana Department of Education:</u>					
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425D	N/A	\$ 1,499,590	\$ -	\$ 1,499,590
Title I Grant to Local Agencies	84.010	N/A	121,840	-	121,840
Title II A Grant	84.367A	N/A	27,469	-	27,469
Individuals with Disabilities Education Act (IDEA) Part B	84.027A	N/A	65,912	-	65,912
Individuals with Disabilities Education Act (IDEA) - Special Education	84.173	N/A	1,984	-	1,984
LA4 Early Childhood Development Program	N/A	N/A	173,101	-	173,101
Individuals with Disabilities Education Act (IDEA) - Grants to States	84.027A	N/A	18,906	-	18,906
Individuals with Disabilities Education Act (IDEA) - American Rescue Plan	84.173	N/A	2,077	-	2,077
Education Stabilization Fund	84.425	N/A	21,613	-	21,613
Total Federal Awards Expenditures			\$ 1,932,492	\$ -	\$ 1,932,492

See the accompanying notes to the schedule of expenditures of federal awards

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – GENERAL

The accompanying Schedule of Expenditures of Federal Award includes all the federal grant activity of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (the School). The School's reporting entity is defined in Note 1 of the financial statements for the year ended June 30, 2022. This schedule is presented in accordance with the requirements of *Uniform Guidance, "Audits of States, Local Governments, and Non-Profit Organizations."*

NOTE B – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the School's financial statements for the year ended June 30, 2022.

NOTE C – FEDERAL INDIRECT COST RATE

The School did not use the 10% de minimus cost rate during the year ended June 30, 2022.

NOTE D – SUBRECIPIENTS

The School did not provide federal funds to any subrecipients during the year ended June 30, 2022.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School, Inc. (a nonprofit organization) (the School), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

New Orleans Office: 1100 Poydras Street, Suite 1225/New Orleans, LA 70163/ (504)561-8600

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Atlanta Office: 715 Peachtree St. NE, Suite 100/Atlanta, GA 30328/ (678)971-3700

Continued,

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings #2022-001 and #2022-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding #2022-003.

The School's Response to Findings

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

Purpose of this Report

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



Luther Speight & Company CPAs
New Orleans, Louisiana
April 28, 2023



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Advocates for Innovative Schools, Inc.'s (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding #2022-004. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Luther Speight & Company CPAs
New Orleans, LA
April 28, 2023

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC. (D/B/A ROBERT RUSSA MOTON
CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

Section II – Financial Statement Findings

**FINDING #2022-001 – PAYROLL ADMINISTRATION OF TIME AND ATTENDANCE
– SIGNIFICANT DEFICIENCY**

CRITERIA:

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

CONDITION:

During our audit of the School's payroll time and attendance documents for thirty-two (32) payroll transactions selected, we noted the School did not provide time and attendance reports for eleven (11) employees to support the hours worked during the pay periods selected. Of the time and attendance reports provided, the number of hours worked per the payroll register did not match the time and attendance reports for thirteen (13) employees.

CAUSE:

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

EFFECT:

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

RECOMMENDATION:

The Organization should intensify all efforts to ensure all employee time and attendance documents are processed in accordance with the current policies and procedures.

MANAGEMENT RESPONSE:

See Management's Corrective Action Plan on page 30.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC. (D/B/A ROBERT RUSSA MOTON
CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

**FINDING #2022-002 – SEGREGATION OF PAYROLL PROCESSING DUTIES -
SIGNIFICANT DEFICIENCY**

CRITERIA:

Payroll functions should be segregated to serve as a check and balance and to maintain the best control system possible.

CONDITION:

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

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

It was noted that the School switched payroll vendors during October 2021.

CAUSE:

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

EFFECT:

The failure to properly segregate payroll processing functions increases the risk of errors and risk of misappropriation of the School's assets.

RECOMMENDATION:

We recommend that the School properly segregate payroll functions and ensure timely independent review of payroll reports received from the outside payroll processing vendor, and payroll bank reconciliations prepared by the Chief Financial Officer.

MANAGEMENT RESPONSE:

See Management's Corrective Action Plan on page 30.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC. (D/B/A ROBERT RUSSA MOTON
CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

**FINDING #2022-003 – TIMELY SUBMISSION OF ANNUAL AUDIT REPORT -
NONCOMPLIANCE**

CRITERIA:

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

CONDITION:

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

CAUSE:

The Organization had delays in providing key data for the audit, Statewide Agreed-Upon procedures, and Performance Measures Agreed-Upon Procedures that contributed to the late submission of the Organization’s audit report.

EFFECT:

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

RECOMMENDATION:

The Organization should implement policies and procedures to ensure timely submission of its independent audit report to the Legislative Auditor.

MANAGEMENT RESPONSE:

See Management’s Corrective Action Plan on page 30.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC. (D/B/A ROBERT RUSSA MOTON
CHARTER SCHOOL)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

Section III – Federal Awards Findings and Questioned Costs

**FINDING #2022-04 – TIMELY SUBMISSION OF FEDERAL AUDIT
CLEARINGHOUSE FILING**

CRITERIA:

2 CFR requires that non-Federal entities that expend \$750,000 or more in a year in Federal awards must submit their audited annual financial reports and the data collection form to the Federal Audit Clearinghouse within thirty (30) days after receipt of the auditor’s report, or nine (9) months of the close of the auditee’s fiscal year.

CONDITION:

The Organization did not remit the annual audited financial statements and the data collection form to the Federal Audit Clearinghouse within 9 months after year-end as required by the Uniform Guidance.

CAUSE:

The Organization had delays in providing key data for the audit that contributed to the late submission of the Organization’s audit report.

EFFECT:

Late submission can cause the Organization to be put on the non-compliance list and can result in withholding of federal pass-through funding.

RECOMMENDATION:

The Organization should implement policies and procedures to ensure timely submission of the required files to the Federal Audit Clearinghouse.

MANAGEMENT RESPONSE:

See Management’s Corrective Action Plan on page 30.

**ADVOCATES FOR INNOVATIVE SCHOOLS, INC. (D/B/A ROBERT RUSSA MOTON
CHARTER SCHOOL)
UPDATE OF PRIOR YEAR FINDINGS
JUNE 30, 2022**

Finding #	Finding	Resolved/Unresolved
2021-001	Contract Management	Resolved
2021-002	Payroll Administration of Time and Attendance	Unresolved
2021-003	Segregation of Payroll Processing Duties	Unresolved

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(D/B/A ROBERT RUSSA MOTON CHARTER SCHOOL)
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD(S)
FOR THE YEAR ENDED
JUNE 30, 2022

Agency Head: John McCrary, CEO

Purpose	Amount
Salary	138,750
Benefits- Insurance	11,936
Benefits- Retirement	32,799
Benefits- Medicare	1,965
Benefits - Worker's Comp	-
Benefits- Unemployment	184
Cell Phone and iPad Dues	354
Uniforms	-
Per Diem	249
Travel	-
Reimbursements	27
Fuel Usage	-
Conference Travel	1,819
Continuing Professional Education Fees	790
Housing	-
Unvouchered Expenses	-
Special Meals	-



ADVOCATES for INNOVATIVE SCHOOLS, INC.

dba

ROBERT RUSSA MOTON CHARTER SCHOOL

"AN ACADEMY OF LEARNING"

8550 Curran Blvd.

New Orleans, Louisiana 70127

Telephone (504) 245-4400

**Advocates For Innovative Schools, Inc.
(D/B/A Robert Russa Moton Charter School)
Corrective Action Plan
For the Year Ended June 30, 2022**

FINDING #2022-001 – PAYROLL ADMINISTRATION OF TIME AND ATTENDANCE

Corrective Action Planned: Engage an alternative payroll provider that has an integrated system that will manage time and attendance, timekeeping and payroll processing which will eliminate manual errors and capture an audit trail of time approval and leave requests.

Contact Person Responsible: Melissa R. Johnson, CFO

Anticipated Completion Date: December 31, 2023

FINDING #2022-002 – SEGREGATION OF PAYROLL PROCESSING DUTIES

Corrective Action Planned: Engage an alternative payroll provider that will perform the payroll processing function along with time being reviewed and approved by principal and CEO as well as the CFO reviewing the overall cash requirement to process payroll.

Contact Person Responsible: Melissa R. Johnson, CFO

Anticipated Completion Date: December 31, 2023

FINDING #2022-003 – TIMELY SUBMISSION OF ANNUAL AUDIT REPORT

FINDING #2022-004 – TIMELY SUBMISSION OF FEDERAL AUDIT CLEARINGHOUSE FILING

Corrective Action Planned: Engage the auditors, as of 06/30/2023 with an audit start date no later than July 31, 2023.

Contact Person Responsible: John McCrary, CEO/Melissa R. Johnson, CFO

Anticipated Completion Date: December 31, 2023



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES - PERFORMANCE AND STATISTICAL DATA**

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

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Advocates for Innovative Schools, Inc. (d/b/a Robert Russa Moton Charter School) (the School) for the fiscal year ended June 30, 2022; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

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

New Orleans Office: 1100 Poydras Street, Suite 1225/New Orleans, LA 70163/ (504)561-8600

Memphis Office: 1661 International Drive, Suite 400/Memphis, TN 38120/ (901)202-4688

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- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Findings: Based upon our examination of the supporting documentation, we noted no exceptions in our sample.

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 then traced a sample of 10 classes to the October 1 roll books for those classes and observed that the class was properly classified on the schedule.

Findings: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

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

3. We obtained 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 obtained management's representation that the data/listing was complete. We then selected a sample of 13 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was property classified on the PEP data or equivalent listing prepared by management.

Findings: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained 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 obtained management’s representation that the data/listing was complete. We then selected a sample of 12 individuals, traced to each individual’s personnel file, and observed that each individual’s salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Findings: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, 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.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.



Luther Speight & Company CPAs
New Orleans, Louisiana
April 21, 2023

**Advocates for Innovative Schools, Inc.
(d/b/a Robert Russa Moton Charter School)
New Orleans, Louisiana
Schedules Required by State Law
(R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2022**

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

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

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2022**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 809,694	
Other Instructional Staff Activities	1,328	
Instructional Staff Employee Benefits	334,552	
Purchased Professional and Technical Services	10,368	
Instructional Materials and Supplies	64,290	
Instructional Equipment	16,850	
Total Teacher and Student Interaction Activities	<u>1,237,082</u>	\$ 1,237,082
Other Instructional Activities		39,704
Pupil Support Services	6,036	
Less: Equipment for Pupil Support Services	<u>-</u>	
Net Pupil Support Services		6,036
Instructional Staff Services	1,457	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		1,457
School Administration	822,260	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>822,260</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 2,106,539</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>-</u>
Certain Local Revenue Sources		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue		<u>-</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		<u>-</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		<u>-</u>
Nonpublic Textbook Revenue		-
Nonpublic Transportation Revenue		<u>\$ -</u>

See independent accountant's report on applying agreed-upon procedures

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

Class Size Characteristics
As of October 1, 2021

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	64.2%	77	31.7%	38	4.2%	5		
Elementary Activity Classes	75.0%	6	25.0%	2				
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

STATEWIDE AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED JUNE 30, 2022



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

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

We have performed the procedures enumerated below, which were agreed to by Advocates for Innovative Schools, Inc. (d/b/a Robert Russa Moton Charter School (the entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, 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 and associated 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 (if applicable to public funds and the entity's operations):

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Results: *The written policies and procedures appropriately address the required elements above.*

New Orleans Office: 1100 Poydras Street, Suite 1225/New Orleans, LA 70163/ (504)561-8600

Memphis Office: 1661 International Drive, Suite 400/Memphis, TN 38120/ (901)202-4688

Atlanta Office: 715 Peachtree St. NE, Suite 100/Atlanta, GA 30328/ (678)971-3700

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: The written policies and procedures appropriately address the required elements above.

- c) **Disbursements**, including processing, reviewing, and approving

Results: The written policies and procedures appropriately address the required elements above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: The written policies and procedures appropriately address the required elements above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: The written policies and procedures appropriately address the required elements above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Results: No information regarding types of services requiring written contracts, standard terms and conditions, legal review, approval process, and monitoring process noted in the Financial Manual Draft PBC document or the Employee Handbook.

Management's Response: Due to the substantial number of contracts, the procurement manual will be generated to address these matters.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: The written policies and procedures appropriately address the required elements above.

- h) Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: The written policies and procedures appropriately address the required elements above.

- i) Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: Not applicable, as the Entity is a nonprofit.

- j) Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Not applicable, as the Entity is a nonprofit.

- k) 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.

Results: No information regarding identification of critical data and frequency of data backups, storage of backups in a separate physical location isolated from the network, periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event noted in the Financial Manual Draft PBC document or the Employee Handbook.

Management's Response: Critical Data is not stored on computers. Periodic manual backups of QuickBooks Desktop were saved on a portable drive. As of December 2022, Finance uses QuickBooks Desktop accounting system on a cloud platform in which there is a daily back up to the cloud portal. Staff use the Google Drive platform for storing data. As of December 2022, Finance is using a Cloud Portal, ShareFile to store financial data electronically along with an external hard drive as separate back up. Backup Server for

does exist with Cox Company, Rapid Scale in which the Technology department needs to finalize the implementation process.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.*

***Results:** Not applicable, as the Entity is a nonprofit.*

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.

***Results:** The board committee meets monthly.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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.*

***Results:** The board committee appropriately meets the required elements above.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

***Results:** Not applicable, as no unassigned fund balance in the general fund was observed in the prior year audit report.*

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Results: *List of bank accounts and management's representation were obtained. We selected the month of August 2021 for the testing below.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results: *We noted that the Entity has three bank accounts. The bank and book balances properly reconciled for all accounts with no reconciling items noted. All reconciliations were prepared within 2 months of the statement closing date.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: *All bank reconciliations observed included proper evidence of management approval. No exceptions noted.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: *We noted no reconciling items that have been outstanding for more than 12 months from year-end.*

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: *Per management, the deposit site is Moton Charter School located at 8550 Curran Blvd, New Orleans, LA, 70127. Deposits are prepared in the Business Manager's office, the Finance Officer's office, and the Principal's office.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Results: Per management, collections are made by teachers in the classroom based on the student activity. Collections are counted by two designated parties. Collection logs are created and submitted to the principal for approval. Principal turns in funds to finance (Business Manager or Finance Officer) for deposit in safe or bank deposit.

- a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: Entity was unable to provide a copy of a bond or insurance policy for theft.

Management Response: We currently do not have an insurance policy that covers theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Results: We were able to trace the deposits to the bank statements and to the general ledger. We noted deposits were made within one business day. The Entity's collections were supported by proper documentation, but receipts were not sequentially prenumbered.

Management Response: *It has been found that collection procedures need to be updated. It will include updating source documents such as sequentially prenumbering receipts.*

- a) Observe that receipts are sequentially pre-numbered. –
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: *All payments are processed at the Business Manager's office or the Finance Officer's office in Moton Charter School located at 8550 Curran Blvd, New Orleans LA 70127.*

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Results: *We obtained a listing of the employees involved and the written policies and procedures relating to employee job duties at the location mentioned above and observed that the job duties are properly segregated among the Principal, CEO, Business Manager, and Finance Officer.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

Results: We tested the non-payroll disbursements and found no exceptions.

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We obtained a listing of all active cards, which consisted of only credit cards, and management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: We noted that the credit card statements were reviewed and approved by someone other than the authorized card holder, but they were not physically or electronically signed.

Management's Response: The Board Treasurer reviews and signs the monthly reconciliation reports along with the credit statements and receipts attached.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: We noted that in the month tested no finance charges or late fees were assessed on any of the cards.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: The Entity supplied receipts and documentation for the selected transactions. We noted no exceptions.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: Not applicable. All selected samples were not reimbursed using a per diem.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: Reimbursements were supported by the original itemized receipts. No exceptions noted.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: Each reimbursement was supported by documentation detailing the business/public purpose for the charge. No exceptions noted.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Each reimbursement was reviewed and approved in writing by someone other than the person receiving the reimbursement. No exceptions noted.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: We noted one of the five selected contracts was bid in accordance with Louisiana Public Bid Law.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Results: We noted contracts were approved by the governing board.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Results: We noted no contract amendments.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: We selected a sample of 5 employees and agreed paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: We selected a sample of 5 employees and agreed paid salaries to authorized salaries/pay rates in the personnel files. Because the client did not provide daily attendance reports, we were unable to verify that daily attendance was recorded and authorized by management.

Management's Response: Procedures will be implemented with current software to generate attendance reports.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: LSC was informed by management that there were no employee terminations during the fiscal year ending June 2022.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: All employer and employee portions of third-party payroll and related amounts have been paid, and any associated forms have been filed by the required deadlines.

Ethics

Results: Not applicable, as the Entity is a nonprofit.

Debt Service

Results: Not applicable, as the Entity is a nonprofit.

Fraud Notice

20. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: Management confirmed there were no misappropriations of public funds and assets during the fiscal year ended June 30, 2022.

21. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We noted the Entity has the required notice posted on its website.

Information Technology Disaster Recovery/Business Continuity

22. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Results: We noted no exceptions. We obtained information from management regarding backups. Moton Charter School stated its backups are stored on a cloud base site. We also noted backups were performed during the fiscal year.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Results: We noted no exceptions. We obtained documents from the Entity showing the Entity has verified that its backups can be restored.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We noted no exceptions. LSC obtained a listing of the Entity’s computers currently in use along with their locations. All 5 selected computers have current and active antivirus software and the operating system and accounting system software in use are currently supported.

Sexual Harassment

Results: *Not applicable, as the Entity is a nonprofit.*

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



Luther Speight & Company CPAs
New Orleans, Louisiana
April 28, 2023