

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

**FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2018 and 2017**



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# REPORT





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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Advocates for Science and Mathematics Education, Inc. (Advocates) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Advocates' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Advocates' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates as of June 30, 2018 and 2017, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments made to agency head, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of Advocates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Advocates' internal control over financial reporting and compliance.

*Carly Riggs & Ingram, L.L.C.*

December 20, 2018



# FINANCIAL STATEMENTS

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

<i>June 30,</i>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,627,071	\$ 897,452
Certificates of deposit	26,191	26,191
Other receivables	192,269	265,509
Grants receivable	119,774	333,208
Grants receivable - other local education agency	66,385	84,946
Prepaid expenses	408	299
<b>Total current assets</b>	<b>2,032,098</b>	<b>1,607,605</b>
<b>PROPERTY AND EQUIPMENT, net</b>	<b>110,952</b>	<b>131,078</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,143,050</b>	<b>\$ 1,738,683</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 342,163	\$ 225,370
Line of credit	9,677	9,677
<b>Total current liabilities</b>	<b>351,840</b>	<b>235,047</b>
<b>NET ASSETS</b>		
Unrestricted	1,676,218	1,407,507
Temporarily restricted	114,992	96,129
<b>TOTAL NET ASSETS</b>	<b>1,791,210</b>	<b>1,503,636</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,143,050</b>	<b>\$ 1,738,683</b>

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



**ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.**  
**STATEMENTS OF ACTIVITIES**

<i>For the Year Ended June 30, 2018</i>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES AND SUPPORT</b>			
State sources	\$ 2,369,135	\$ -	\$ 2,369,135
Local per pupil support	2,614,932	-	2,614,932
Federal sources	1,353,127	-	1,353,127
Donations and contributions	259,953	117,378	377,331
Other revenue	50,810	-	50,810
Net assets released from restrictions	98,515	(98,515)	-
<b>Total revenues and support</b>	<b>6,746,472</b>	<b>18,863</b>	<b>6,765,335</b>
<b>EXPENSES</b>			
Program services	2,809,818	-	2,809,818
Supporting services			
Management and general	3,667,943	-	3,667,943
<b>Total expenses</b>	<b>6,477,761</b>	<b>-</b>	<b>6,477,761</b>
<b>CHANGE IN NET ASSETS</b>	<b>268,711</b>	<b>18,863</b>	<b>287,574</b>
Net assets at the beginning of year	1,407,507	96,129	1,503,636
<b>NET ASSETS AT THE END OF YEAR</b>	<b>\$ 1,676,218</b>	<b>\$ 114,992</b>	<b>\$ 1,791,210</b>

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

**ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.**  
**STATEMENTS OF ACTIVITIES**

<i>For the Year Ended June 30, 2017</i>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES AND SUPPORT</b>			
State sources	\$ 2,016,863	\$ -	\$ 2,016,863
Local per pupil support	2,504,273	-	2,504,273
Federal sources	1,488,602	-	1,488,602
Donations and contributions	359,529	118,764	478,293
Other revenue	6,780	-	6,780
Net assets released from restrictions	332,474	(332,474)	-
<b>Total revenues and support</b>	<b>6,708,521</b>	<b>(213,710)</b>	<b>6,494,811</b>
<b>EXPENSES</b>			
Program services	3,285,125	-	3,285,125
Supporting services			
Management and general	3,473,613	-	3,473,613
<b>Total expenses</b>	<b>6,758,738</b>	<b>-</b>	<b>6,758,738</b>
<b>CHANGE IN NET ASSETS</b>	<b>(50,217)</b>	<b>(213,710)</b>	<b>(263,927)</b>
Net assets at the beginning of year	1,457,724	309,839	1,767,563
<b>NET ASSETS AT THE END OF YEAR</b>	<b>\$ 1,407,507</b>	<b>\$ 96,129</b>	<b>\$ 1,503,636</b>

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

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

<i>For the year ended June 30, 2018</i>	<b>Program services</b>	<b>Supporting services Management and general</b>	<b>Total</b>
Salaries	\$ 2,157,691	\$ 1,165,565	\$ 3,323,256
Food services	-	883,747	883,747
Benefits and retirement	303,253	389,251	692,504
Transportation	8,655	419,245	427,900
Professional and technical services	78,496	191,964	270,460
Supplies	99,000	101,522	200,522
Purchased property services	3,342	102,303	105,645
Utilities	-	100,308	100,308
Insurance	-	95,284	95,284
Telephone and postage	32,426	55,380	87,806
Administrative fees	-	77,580	77,580
Student summer programs	74,465	-	74,465
Dues/subscriptions	1,696	41,619	43,315
Miscellaneous	47,828	(7,192)	40,636
Travel	1,301	30,555	31,856
Depreciation	-	20,125	20,125
Textbook	1,665	-	1,665
Interest	-	687	687
<b>Total expenses</b>	<b>\$ 2,809,818</b>	<b>\$ 3,667,943</b>	<b>\$ 6,477,761</b>

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

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

<i>For the year ended June 30, 2017</i>	<b>Program services</b>	<b>Supporting services Management and general</b>	<b>Total</b>
Salaries	\$ 2,077,749	\$ 1,096,846	\$ 3,174,595
Food services	-	1,005,054	1,005,054
Benefits and retirement	776,026	399,905	1,175,931
Transportation	14,025	361,620	375,645
Professional and technical services	58,565	144,862	203,427
Supplies	238,450	53,870	292,320
Purchased property services	19,332	98,111	117,443
Utilities	-	93,148	93,148
Insurance	-	89,858	89,858
Telephone and postage	33,122	23,945	57,067
Administrative fees	-	36,187	36,187
Student summer programs	31,550	-	31,550
Dues/subscriptions	24,707	34,247	58,954
Miscellaneous	6,695	2,768	9,463
Travel	4,035	11,461	15,496
Depreciation	-	20,126	20,126
Textbook	869	350	1,219
Interest	-	1,255	1,255
<b>Total expenses</b>	<b>\$ 3,285,125</b>	<b>\$ 3,473,613</b>	<b>\$ 6,758,738</b>

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

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

<i>For the year ended June 30,</i>	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 287,574	\$ (263,927)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities		
Depreciation expense	20,125	20,126
Change in operating assets and liabilities		
Other receivables	73,240	88,006
Grants receivable	213,435	(107,704)
Grants receivable - other local education agency	18,561	12,925
Prepays	(109)	(162)
Accounts payable	116,793	23,937
Net cash provided by (used in) operating activities	<b>729,619</b>	<b>(226,799)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>729,619</b>	<b>(226,799)</b>
Cash and Cash Equivalents, Beginning of Year	<b>897,452</b>	1,124,251
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,627,071</b>	<b>\$ 897,452</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 687	\$ 1,255

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

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

***Basis of Accounting***

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Functional Expenses***

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook (LAUGH).

***Property and Equipment***

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

Equipment and computers	5-12 years
Leasehold improvements	7 years

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Income Tax Status***

Advocates is a tax-exempt organization under Internal Revenue Code Section 501 (c)(3) and, as such, is not subject to income tax.

***Public Support and Revenue***

Advocates receives its support primarily from the OPSB as a flow through from the Louisiana State Department of Education and the United States Department of Education.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. Advocates uses the direct write-off method of writing off uncollectible receivables. As write-offs have been minimal in previous years, management represents this does not significantly differ from use of the allowance method.

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

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

***Grants and Other Receivables and Allowance for Doubtful Accounts***

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. At June 30, 2018 and 2017, management did not deem any receivables to be uncollectible; therefore, no allowance was recorded.

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

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

#### ***Cash and Cash Equivalents***

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

#### ***Basis of Presentation***

Advocates' financial statement presentation follows the provisions of the *Not-For-Profit Entities* Topic of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations, which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by Advocates is limited by donor imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of Advocates pursuant to such stipulations.
- Permanently Restricted - Net assets whose use by Advocates is limited by donor- imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of Advocates. Advocates has no permanently restricted net assets as of June 30, 2018 and 2017.

#### ***Recent Accounting Pronouncements***

In August 2016, Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which amends the financial reporting and disclosure of net assets for not-for-profit entities. The main provisions include presenting net assets in two classes, net assets with donor restrictions and net assets without donor restrictions, on the statements of financial position; presenting on the face of the statements of activities the amount of change in each of the two classes; and providing enhanced disclosures over the amounts and purposes of governing board designations, composition of net assets with donor restrictions, and qualitative information that communicates how an



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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position dates. The provisions of this standard are effective for the fiscal year beginning July 1, 2018. Management is still evaluating the impact that the implementation of this ASU will have on Advocates' financial statements.

In May 2014, FASB issued ASU No. 2014-09, *Revenues from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The provisions of this standard are effective for the fiscal year beginning July 1, 2019. Management is still evaluating the impact that the implementation of this ASU will have on Advocates' financial statements.

In February 2016, FASB released ASU No. 2016-02, *Leases* (Topic 842). Topic 842 supersedes Topic 840, *Leases*, and affects how entities account for operating and capital leases. The main provision of Topic 842 requires entities to recognize a lease asset and lease liability for leases classified as operating under previous guidance. A lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The guidance allows for accounting policy election to not recognize a lease asset or liability for leases with terms of 12 months or less. The amendments of ASU 2016-07 are effective for the fiscal year beginning July 1, 2020. Management is still evaluating the impact that the implementation of this ASU will have on Advocates' financial statements.

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The main provisions include guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The provisions of this standard are effective for the fiscal year beginning July 1, 2019. Management is still evaluating the impact that the implementation of this ASU will have on Advocates' financial statements.

***Reclassifications***

Certain amounts previously reported in the financial statements on the statements of financial position and statements of activities the prior year have been reclassified to conform with the current year classification of temporarily restricted net assets.

***Subsequent Events***

Advocates has evaluated subsequent events through December 20, 2018, the date the financial statements were available to be issued, and no events material to the financial statements were

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

noted for disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Advocates maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended June 30, 2018 and 2017. Cash balances at years ended June 30, 2018 and 2017, exceeded the FDIC limits by \$1,493,662 and \$1,057,294, respectively. At times, the balance may exceed the federally insured amount, Advocates hasn't experienced any losses as a result.

**NOTE 3 – LINE OF CREDIT**

As of June 30, 2018, Advocates had available a line of credit (the Credit Agreement) with a local financial institution which provided for borrowings up to \$100,000 at variable interest rate of 4% for the years ended June 30, 2018 and 2017. Outstanding borrowings under the Credit Agreement are collateralized with the certificates of deposit and accounts receivable. At June 30, 2018 and 2017, the line of credit had borrowings outstanding of \$9,677 each year.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2018 and 2017 consisted of the following:

	<b>2018</b>	<b>2017</b>
Computers	\$ 6,356	\$ 6,356
Equipment	230,919	230,919
Leasehold improvements	80,335	80,335
Property and Equipment	<b>317,610</b>	317,610
Less: accumulated depreciation	<b>(206,658)</b>	(186,532)
Property and Equipment, Net	<b>\$ 110,952</b>	\$ 131,078

Depreciation expense was \$20,125 and \$20,126 for the years ended June 30, 2018 and 2017, respectively.

**NOTE 5 – SIGNIFICANT CONCENTRATIONS**

For the years ended June 30, 2018 and 2017, Advocates received approximately 20% and 23% of its total revenue, respectively, from federal sources and approximately 74% and 70% of its total revenue, respectively, from state and local public school funds. Advocates had approximately 62%

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

**NOTE 5 – SIGNIFICANT CONCENTRATIONS (CONTINUED)**

and 44% of its total grants receivable, respectively, from local sources and approximately 38% and 56% of its total grants receivable, respectively, from federal and state sources.

**NOTE 6 – UNCERTAIN TAX POSITIONS**

Accounting principles generally accepted in the United States of America require Advocates' management to evaluate tax positions taken by Advocates and recognize a tax liability if Advocates has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Advocates' management has analyzed the tax positions taken by Advocates, and represents that as of June 30, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Advocates is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

The total of Advocates' temporarily restricted net assets is available for the purpose of student activities.

**NOTE 8 – GRANTS RECEIVABLE**

Grants receivable is comprised of the following balances:

At June 30,	2018	2017
Title I	\$ 52,310	\$ 177,458
State of Louisiana Dept of Treasury	26,121	17,061
Title II	22,074	14,603
Perkins	19,269	17,661
IDEA-B	-	84,997
E-Rate	-	15,054
Excellence in Education	-	6,374
<b>Total grants receivable</b>	<b>\$ 119,774</b>	<b>\$ 333,208</b>

**NOTE 9 – GRANTS RECEIVABLE - OTHER LOCAL EDUCATION AGENCY**

Grants receivable – other local education agency (LEA) is a receivable account set up for amounts requested for federal grants that are for another LEA. Advocates' grants receivable – other LEA was \$66,385 and \$84,946 for the years ended June 30, 2018 and 2017, respectively.



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

**NOTE 10 – OTHER RECEIVABLES**

Other receivable is a receivable account for amounts requested from local sources. Advocates other receivable was \$192,269 and \$265,509 for the years ended June 30, 2018 and 2017, respectively.

**NOTE 11 – RENT-FREE LEASE AGREEMENT**

A rent-free lease agreement is held with the Louisiana Department of Education, Recovery School District (the RSD) for the use of buildings and grounds as school facilities. RSD policy is based on hourly rates use of the facilities is not recorded as an in-kind contribution from RSD since the value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

Advocates recorded approximately \$280,782 and \$322,008 in revenue from the Foundation for Science and Math for general school needs and activities during the years ended June 30, 2018 and 2017, respectively, of which, \$190,107 and \$245,509 were outstanding at June 30, 2018 and 2017, respectively, and recorded under other receivables in the accompanying financial statements.



**REPORTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Advocates for Science and Mathematics Education, Inc. (Advocates) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows, for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 20, 2018.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Carr, Riggs & Ingram, L.L.C.*

December 20, 2018

**ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**A. SUMMARY OF AUDITORS' RESULTS**

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of Advocates for Science & Mathematics Education, Inc. (Advocates).
2. No material weakness or significant deficiencies relating to the audit in the 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*.
3. There were no instances of noncompliance material to the financial statements of Advocates reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended June 30, 2018.

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

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

**C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

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





**ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

**D. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended June 30, 2017.

**F. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

There were no findings related to compliance and other matters for the year ended June 30, 2017.



**SUPPLEMENTARY INFORMATION**

**ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS AND**  
**OTHER PAYMENTS MADE TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Agency Head Name: Chana Beneson, Head of School

<b>PURPOSE</b>	<b>AMOUNT</b>
Salary	\$ 112,115
Benefits-health insurance	3,987
Benefits-retirement	3,158
Deferred compensation	-
Workers comp	477
Benefits-life insurance	129
Benefits-long term disability	153
Benefits-short term disability	455
Benefits-AD&D	33
Benefits-FICA & Medicare	8,577
Car allowance	-
Vehicle provided by government	-
Cell phone	814
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings & conventions	-
Other	-
<b>Total</b>	<b>\$ 129,898</b>



**SCHEDULES REQUIRED BY STATE LAW  
(PERFORMANCE STATISTICAL DATA)**



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

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

We have performed the procedures enumerated below, which were agreed to by the Advocates for Science & Mathematics Education, Inc.; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the Advocates for Science & Mathematics Education, Inc. for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the Advocates for Science & Mathematics Education, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

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

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

Results: No exceptions were found as a result of applying the procedures.

### Class Size Characteristics (Schedule 2)

2. Obtain a list of classes by school, school type, and class size as reported on the schedule. Trace a sample of 10 classes to the October 1, 2017 roll books for those classes and observe that the class was properly classified on the schedule.

Results: No exceptions were found as a result of applying the procedures.

### Education Levels/Experience of Public School Staff (No Schedule)

3. Obtain October 1, 2017 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtain management's representation that the data/listing was complete. Select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: No exceptions were found as a result of applying the procedures.

### Public School Staff Data: Average Salaries (No Schedule)

4. Obtain June 30, 2018 PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtain management's representation that the data/listing was complete. Select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Results: No exceptions were found as a result of applying the procedures.

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

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion or conclusion, respectively on the performance and statistical data accompanying the annual combined financial statements of Advocates for Science & Mathematics Education, Inc. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual combined financial statements of Advocates for Science & Mathematics Education, Inc., 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.

*Carri Riggs & Ingram, L.L.C.*

December 20, 2018

**ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.**  
**SCHEDULE 1**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 1,678,252	
Other instructional staff activities	186,975	
Instructional staff employee benefits	397,881	
Purchased professional and technical services	78,162	
Instructional materials and supplies	45,528	
Less instructional equipment	-	
Total teacher and student interaction activities		\$ 2,386,798

Other instructional activities		165,933
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Pupil support activities	553,606	
Less equipment for pupil support activities	-	
Net pupil support activities		553,606

Instructional staff services	160,800	
Less equipment for instructional staff services	-	
Net instructional staff services		160,800

School administration	404,101	
Less: equipment for school administration	-	
Net schooladministration		404,101

Total general fund instructional expenditures		\$ 3,671,238
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Total general fund equipment expenditures		\$ -
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Certain local revenue sources

**The remainder is not applicable.**



**Class size characteristics**

**As of October 1, 2017**

School Type	Class size range							
	1 to 20		21 to 26		27 to 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary activity classes	-	-	-	-	-	-	-	-
Middle/Jr High	-	-	-	-	-	-	-	-
Middle/Jr High activity classes	-	-	-	-	-	-	-	-
High	67%	158	29%	68	5%	11	-	-
High activity classes	29%	6	67%	14	5%	1	-	-
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.

# **Advocates for Science and Mathematics, Inc.**

## **Statewide Agreed-Upon Procedures Report**

**For the Year Ended June 30, 2018**



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

Board of Directors  
Advocates of Science and Mathematics, Inc.  
and the Louisiana Legislative Auditor  
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Advocates of Science and Mathematics, Inc. (the "School") 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, 2017 through June 30, 2018. The School 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 results are as follows:

### ***Bank Reconciliations***

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2. 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 all other accounts since less than five total bank accounts. Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

**Results: No exceptions were found as a result of applying the procedure.**

- 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., initiated and dated, electronically logged); and

**Results: No exceptions were found as result of applying the procedure.**

- 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: No exceptions were found as result of applying the procedure.**

### ***Collections***

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- 3. 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: No exceptions were found as a result of applying the procedure.**

- 4. For the one deposit site, obtain a listing of collection locations and management's representation that the listing is complete. Select the one collection location for the one deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

**Results: No exceptions were found as a result of applying the procedure.**

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

**Results: No exceptions were found as a result of applying the procedure.**

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

**Results: No exceptions were found as a result of applying the procedure.**

- 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.

**Results: No exceptions were found as a result of applying the procedure.**

- 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 verifies the reconciliation.

**Results: No exceptions were found as a result of applying the procedure.**

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Results: No exceptions were found as a result of applying the procedure.**

6. Randomly select two deposit dates for each of the two bank accounts selected for procedure #2 under "Bank Reconciliations" above. Obtain supporting documentation for each of the deposits and:

- a) Observe that receipts are sequentially pre-numbered.

**Results: No exceptions were found as a result of applying the procedure.**

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

**Results: No exceptions were found as a result of applying the procedure.**

- c) Trace the deposit slip total to the actual deposit per the bank statement.

**Results: No exceptions were found as a result of applying the procedure.**

- d) Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

**Results: No exceptions were found as result of applying the procedure.**

- e) Trace the actual deposit per the bank statement to the general ledger.

**Results: No exceptions were found as a result of applying the procedure.**

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 procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, 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.

*Carly Riggs & Ingram, L.L.C.*

December 20, 2018