

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

FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

Melvin L. Davis
Certified Public Accountant

(A Limited Liability Company)

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

Financial Statements
For the Year Ended June 30, 2007

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report		1
Financial Statements:		
Statement of Financial Position	A	2
Statement of Activities	B	3
Statement of Cash Flows	C	4
Notes to the Financial Statements		5
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		9
Management Letter and Responses		
State Reporting Section		15
Independent Accountant's Report on Applying Agreed-Up Procedures		16
Schedules Required by State Law (R.S. 24:514 Performance and Statistical Data)		20
	Schedule	Page
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	22
Education Levels of Public School Staff	2	23
Number and Type of Public Schools	3	24
Experience of Public Principals, Assistant Principals and Full-Time Classroom Teachers	4	25

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

TABLE OF CONTENTS (Concluded)

	Schedule	Page
Public School Staff Data	5	26
Class Size Characteristics	6	27
Louisiana Educational Assessment Program (LEAP)	7	28
The Graduation Exit Exam	8	29
The IOWA and iLEAP Tests	9	30

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INDEPENDENT AUDITOR'S REPORT

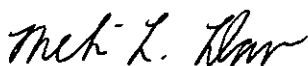
To the Board of Directors
Advocates for Innovative Schools, Inc.
(d/b/a Robert Russa Moton Charter School)
New Orleans, Louisiana

I have audited the accompanying statement of financial position of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (a nonprofit corporation) as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School as of June 30, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 26, 2007, on my consideration of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



December 26, 2007

Statement A**ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(d/b/a Robert Russa Moton Charter School)
New Orleans, Louisiana****Statement of Financial Position
June 30, 2007****ASSETS****Current Assets**

Cash in bank - unrestricted	\$ 369,882
Cash in bank - restricted	81,607
Total cash in bank	<u>451,489</u>
Grants receivable	27,000
Total Current Assets	<u>478,489</u>

Property and Equipment

Furniture and equipment	9,372
Less: Accumulated depreciation	<u>(2,527)</u>
Net Property and Equipment	<u>6,845</u>

TOTAL ASSETS**\$ 485,334****LIABILITIES****Current Liabilities**

Due to OPSB	\$ 32,971
Accrued salaries	25,163
Accrued and withheld payroll taxes	10,909
Accrued liabilities	12,116
Due to Student Activity (note 6)	81,607
Total Current Liabilities	<u>162,766</u>

NET ASSETS

Unrestricted	<u>322,568</u>
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TOTAL LIABILITIES AND NET ASSETS**\$ 485,334**

The notes to the financial statements are an integral part of this statement.

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

Statement of Activities
Year Ended June 30, 2007

REVENUES AND OTHER SUPPORT

Grants:	
Federal	\$ 139,737
State - Minimum Foundation Program	632,294
Local - Minimum Foundation Program	601,583
Other	10,587
Contributions	6,012
In-Kind revenue (note 4)	364,493
Other revenue	92
	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	1,754,798

EXPENSES

Program Services:	
Instruction - Regular Programs	787,096
Supporting Services:	
Instructional Staff Services	216
General Administration	326
School Administration	187,180
Business Services	60,720
Operation and Maintenance of Plant Services	235,645
Student Transportation Services	137,940
Central Services	20,580
Depreciation	2,527
	<hr/>
TOTAL EXPENSES	1,432,230

INCREASE IN UNRESTRICTED NET ASSETS	322,568
NET ASSETS AT BEGINNING OF YEAR	-
	<hr/>
NET ASSETS AT END OF YEAR	\$ 322,568
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

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

Statement of Cash Flows
Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 322,568
Adjustments to reconcile change in net assets to cash provided (used) by operating activities	
(Increase) decrease in operating assets:	
Grants receivable	(27,000)
Accounts, salaries, and other payables	81,159
Depreciation	2,527
Due to Student Activity	<u>81,607</u>
Net cash provided (used) by operating activities	<u>460,861</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(9,372)</u>
Net cash (used) by investing activities	<u>(9,372)</u>
Net increase in cash	451,489
CASH AT BEGINNING OF YEAR	<u>-</u>
CASH AT END OF YEAR	<u><u>\$ 451,489</u></u>

The notes to the financial statements are an integral part of this statement.

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

Notes to the Financial Statements
For the Year Ended June 30, 2007

Note 1 – Summary of Significant Accounting Policies

A. 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 the Orleans Parish School Board 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 years, with the fifth year in operations concluding June 30, 2011.

B. 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.

C. Financial Statement Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board on its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profits Organization*. Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Unrestricted Net Assets – Support, revenues, and expenses for the general operation of the School.

Temporarily Restricted Net Assets – Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.

Permanently Restricted Net Assets – Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the School. Generally, the donors of these assets permit the School to use all or part of the income derived from the investment of these contributions.

D. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the School considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. The School had no cash equivalents at June 30, 2007.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

Notes to the Financial Statements

For the Year Ended June 30, 2007

E. Grants Receivable

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

F. Property and Equipment

The School's policy is to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset. Depreciation expense totaled \$2,527 for the year ended June 30, 2007. Useful lives vary from 3 to 7 years for furniture and equipment and 10 years for leasehold improvements.

G. Use of Estimates

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

H. Income Taxes

The School has applied for tax exempt status under Section 501(c)(3) of the Internal Revenue Code. The application is pending with the Internal Revenue Service and therefore, income taxes are not provided for in the accompanying financial statements.

I. Contributions

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. The School had no temporarily or permanently restricted net assets as of the year ended June 30, 2007.

J. 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. Any unused leave at end of the fiscal year may be carried forward to the next year. Upon retirement or termination of employment,

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

Notes to the Financial Statements

For the Year Ended June 30, 2007

the School shall pay the employee or his/her heirs, for the unused leave, not to exceed 150 hours for regular employees and 175 hours for administrators at the current rate of pay.

Note 2 – Concentration of Credit Risk

The School maintains cash balances in two financial institutions located in Louisiana which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The School had uninsured cash balance of \$292,498 in one of the financial institutions at June 30, 2007. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 3 – Retirement Plans

Substantially all employees of the School are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. 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 15.8% of annual covered payroll for the year ended June 30, 2007. 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, 2007, was \$71,442, which is equal to the required contributions for each year.

B. Louisiana School Employees' Retirement System (LSERS)

Plan Description. The LSERS 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 LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804, or by calling (225) 925-6484.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

Notes to the Financial Statements

For the Year Ended June 30, 2007

Funding Policy. Plan members are required to contribute 7.5% of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current rate is 19.6% of annual covered payroll. Member contributions and employer contributions for the LSERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The School's contributions to the LSERS for the year ended June 30, 2007, was \$9,301, which is equal to the required contributions for each year.

Note 4 – In-Kind Support

The School records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support was \$364,493 for the year ended June 30, 2007, which included donations of rent-free use of a school building, consulting services, classroom equipment, school supplies, computers, and other items as follows:

Description of Support	Amount
Rent	\$ 165,000
Non-capitalized equipment (less than \$1,000 per item)	156,000
OPSB replacement contents	37,493
Consulting services	<u>6,000</u>
Total	<u><u>\$ 364,493</u></u>

The above items are included in the various program and supporting services expenses on the statement of activities.

Note 5 – Risk Management

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 settled claims that exceeded this commercial coverage for the year ended June 30, 2007.

Note 6 – Due to Student Activity

The School acts as a custodian for student activity accounts. Funds held on behalf of these groups amounted to \$81,607 at June 30, 2007, and is reported as both an asset (restricted cash) and a liability (Due to Student Activity). Consequently, there is no effect on the School's net assets.

Note 7 - 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, 2007. In addition, there were no reimbursements for expenses incurred by any board member.

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

I have audited the financial statements of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (the School), a nonprofit corporation as of and for the year ended June 30, 2007, and have issued my report thereon dated December 26, 2007. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the School's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statement Performed in Accordance
With *Government Auditing Standards*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of the School in a separate letter dated December 26, 2007.

This report is intended solely for the information and use of the management, Board of Directors, the Legislative Auditor for the State of Louisiana, state and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Melvin L. Davis

December 26, 2007

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MANAGEMENT LETTER

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

In planning and performing my audit of the financial statements of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (the School), a nonprofit corporation, for the year ended June 30, 2007, I considered the School's internal control in order to determine my auditing procedures for the purposes of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. I previously reported on the School's internal control in my report dated December 26, 2007. This letter does not affect my report dated December 26, 2007, on the financial statements of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School.

I will review the status of these comments during my next audit engagement. I have already discussed many of these comments and suggestions with various School personnel, and I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations. My comments are summarized as follows:

07-01 Board of Directors Meetings

During my review of the minutes of the Board of Directors meetings, I noted that the Board only met three times during the year. However, the Board's by-laws specifically states that the Board of Directors shall meet at least six times each year. I recommend that the Board schedule meetings as frequent as necessary to fulfill its oversight responsibilities and to ensure compliance with the requirements of the by-laws.

Management's Response and Corrective Action Plan: Management concurs with the stipulation of the Corporate By-Laws specifically calling for the Board to meet at least six times each year. However, we are of the opinion that the three times the Board did meet during the fiscal year was sufficient enough to allow for appropriate governance of the affairs of the Charter School.

In accordance with the By-Laws, the Board will meet no less than six times this year and every year thereafter.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

Management Letter

December 26, 2007

07-02 Develop an Accounting Procedures Manual

I noted that the School's accounting procedures are currently in draft form. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired my management.

The preparation of the manual can be a time consuming task, therefore, I recommend that the School establish priorities and a timetable for the completion and implementation of procedures to be included in the manual.

Management's Response and Corrective Action Plan: Management appreciates acknowledgement of the draft of accounting policies and procedures that we have developed and are currently using. We concur with your recommendation and are committed to finalizing the complete manual by the end of the June 30, 2008 fiscal year. We will begin by prioritizing each section for completion each month beginning with cash disbursements, cash receipts, financial statements preparation, etc.

07-03 Use a Separate Payroll Bank Account

At present, the School does not use a separate bank account for payroll. Instead, the employee payroll is disbursed from the operating account. I recommend that the School establish an imprest payroll cash account, whereby the account is kept at a zero balance and transfers are made from the operating account as needed to cover the amount of the payroll and payroll taxes. Having an imprest payroll account would limit access to the main operating account for both the payroll service provider and employees.

Management's Response and Corrective Action Plan: We concur with the recommendation and will implement immediately. Since inception of our operation, an outside payroll processing company (Paychex) has processed our payroll, made our payroll tax deposits timely and filed our tax reports timely. More than ninety percent of our employees are on automatic direct deposit of their check. We will work towards one hundred percent of our employees being on direct deposit.

We will establish a separate payroll account and operate it on an imprest basis (keeping it at a zero balance).

07-04 Improve Budgeting Procedures

Presently, the School prepares an annual budget at the beginning of the fiscal year. However, current procedures do not call for amending the budget, based on changes in original estimates and/or assumptions or changes in the level of activity during the year. Several advantages of properly prepared and managed budgets are that they (a) requires management to plan ahead, (b) creates an early warning system for potential problems, and (c) results in greater management awareness.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

Management Letter

December 26, 2007

I recommend that the annual budget be updated at least quarterly for operational changes and be incorporated into the School's financial reporting system to allow it to measure actual performance versus budgeted performance. In additions, management of the School should operate and maintain its budget in accordance with the Louisiana Local Government Budget Act as required by the operating agreement with Orleans Parish School Board.

Management's Response and Corrective Action Plan: We concur with the recommendation. Our June 30, 2007 annual budget was incorporated into our monthly financial statements (as is our June 30, 2008) comparing each month's actual results with one twelfth (1/12) of the annual budget. Management will follow the practice of amending the budget no less than semi-annually and will comply with the Louisiana Local Government Budget Act.

07-05 Reorganize Chart of Accounts

The School's chart of accounts does not facilitate its accounting and reporting requirements to Orleans Parish School Board or the Louisiana State Department of Education. Currently, worksheets are required to convert the School's financial activity to the required format.

I recommend that management review the existing chart of accounts and make the appropriate revisions to include the functional codes as presented in Bulletin 1929, the Louisiana Accounting and Uniform Governmental Handbook (LAUGH Guide) published by the Louisiana State Department of Education.

Management's Response and Corrective Action Plan: Management concurs with the recommendation. Management is currently establishing a new chart of accounts in accordance with the Louisiana Accounting and Uniform Governmental Handbook (LAUGH Guide). Upon completion of the new chart of accounts, parallel accounting records will be generated comparing the LAUGH generated records with our existing Creative Solutions (software) generated accounting records.

07-06 Pledge of Securities to Guarantee Deposits

During the audit, I noted that deposits with a bank were under-secured by \$292,498, at June 30, 2007. I recommend that management of the School monitor its deposits with bank(s) and when such exceed \$100,000, request the bank(s) pledge sufficient securities to guarantee the School's deposits.

Management's Response and Corrective Action Plan: Management has immediately implemented the recommendation. Upon being informed of the under-secured deposits matter, management immediately contacted the bank and as of the date of this report, the bank has pledged adequate securities to guarantee current deposits of the School.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

Management Letter

December 26, 2007

07-07 Cooperative Endeavor Agreements

During my review of "Robert Russa Moton Charter School Operating Agreement", agreed to and accepted by both Orleans Parish School Board and Advocates for Innovative Schools, Inc. on August 7, 2006, I noted that on at least three (3) occasions the agreement made reference to certain terms and conditions being fully outlined in separate "Cooperative Endeavor Agreements". The three agreements referred to the following subjects:

- a. Utilization and participation of OPSB's financial data management program,
- b. Transportation, and
- c. School Nutrition Program

However, my inquiry of management revealed that the agreements had not been finalized. Such agreements are necessary to provide the guidance need by the School to enable it to implement policies and procedures that will ensure compliance with OPSB rules and regulations. Therefore, I recommend that both parties diligently work toward finalizing these agreements as soon as possible.

Management's Response and Corrective Action Plan: Management concurs with the recommendation. Management realizes that it is essential to their operation to have the separate "Cooperative Endeavor Agreements" in place for those services that Management would like to contract through OPSB. Management will again attempt to set-up a meeting with key representatives of OPSB in an effort to resolve specific operating issues to be in compliance with OPSB rules and regulations.

I wish to thank the staff of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School for their support and assistance during my audit.

This report is intended solely for the information and use of the management, Board of Directors, the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Melvin L. Davis

December 26, 2007

STATE REPORTING SECTION

**Schedules Required by State Law
(R.S. 24:514 Performance and Statistical Data)**

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

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

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School (the School), a nonprofit corporation, and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School 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. The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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.

My procedures and findings relate to the accompanying schedules of supplementary information and are as follows:

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

1. I selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of 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

Comment: No differences noted.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

Independent Accountant's Report on

Agreed-Upon Procedures

Dated December 26, 2007

Education Levels of Public School Staff (Schedule 2)

2. I reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to the school supporting payroll records as of October 1, 2006.

Comment: No differences noted.

3. I reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant per this schedule.

Comment: No differences noted.

4. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2006 and as reported on the schedule. I traced each of the teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

Comment: No differences noted.

Number and Type of Public Schools (Schedule 3)

5. I obtained a list of schools by type as reported on the schedule. I did not compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application. The School only operates grades kindergarten through sixth.

Comment: No differences noted.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2006 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Comment: No differences noted.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

Independent Accountant's Report on

Agreed-Upon Procedures

Dated December 26, 2007

Public Staff Data – Average Salaries (Schedule 5)

7. I obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired status as well as full-time equivalent as reported on the schedule and traced each teacher to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Comment: No differences noted.

8. I recalculated the average salaries and full-time equivalents reported in the schedule.

Comment: No differences noted.

Class Size Characteristics (Schedule 6)

9. I obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. I then traced a random sample of 10 classes to the October 2, 2006 roll books for those classes and determined if the class was properly classified on the schedule.

Comment: No differences noted.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Comment: No differences noted.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. Because this schedule does not apply to an elementary school, I did not obtain test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Comment: Not applicable.

The IOWA Tests (Schedule 9)

12. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Comment: No differences noted.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

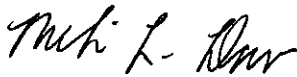
Independent Accountant's Report on

Agreed-Upon Procedures

Dated December 26, 2007

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Advocates for Innovative Schools, Inc. d/b/a Robert Russa Moton Charter School, the Louisiana Department of Education, the Louisiana Legislature, and the Louisiana Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



December 26, 2007

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, 2007

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 – Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 – Number and type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 – Experience of Public Teachers and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 – Public School Staff Data – Average Salaries

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

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. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 7 – Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and including summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes one year of data.

(Continued)

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.

(d/b/a Robert Russa Moton Charter School)

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data) - Concluded

As of and for the Year Ended June 30, 2007

Schedule 8 – The Graduation Exit Exam

This schedule represents student performance testing data and including summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. Because this schedule does not apply to elementary schools, and therefore, this schedule is not applicable.

Schedule 9 – The IOWA Tests

This schedule represents student performance testing data and including summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes one year of data. The School does not operate grades 7 and 9; therefore, achievement level results for these grades are not applicable.

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, 2007**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 473,767	
Other Instructional Staff Activities	22,285	
Employee Benefits	89,950	
Purchased Professional and Technical Services	-	
Instructional Materials and Supplies	147,140	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<u>733,142</u>	\$ 733,142

Other Instructional Activities

-

Pupil Support Activities

-

Less: Equipment for Pupil Support Activities

-

Net Pupil Support Activities

-

Instructional Staff Services

216

Less: Equipment for Instructional Staff Services

-

Net Instructional Staff Services

216

School Administration

187,180

Less: Equipment for School Administration

(9,372)

Net Instructional Staff Services

177,808

Total General Fund Instructional Expenditures

\$ 911,166

Total General Fund Equipment Expenditures

\$ 9,372**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

\$ -

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

Education Levels of Public School Staff
As of October 1, 2006

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	8	80%						
Master's Degree	2	20%			1	100%		
Master's Degree + 30								
Specialist in Education								
Ph. D. or Ed. D.								
Total	10	100%	0	0%	1	100%	0	0%

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

Number and Type of Public Schools
For the Year Ended June 30, 2007

Type	Number
Elementary	1
Middle/Jr. High	0
Secondary	0
Combination	0
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

ADVOCATES FOR INNOVATIVE SCHOOLS, INC.
(dba Robert Russa Moton Charter School)
New Orleans, Louisiana

Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers
As of October 1, 2006

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals								0
Principals							1	1
Classroom Teachers						1	9	10
Total	0	0	0	0	0	1	10	11

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

Public School Staff Data
For the Year Ended June 30, 2007

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$48,485	\$48,485
Average Classroom Teachers' Salary Excluding Extra Compensation	\$44,926	\$44,926
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	10	10

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

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

Class Size Characteristics
As of October 2, 2006

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	43.0%	29	57.0%	22				
Elementary Activity Classes								
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.

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

Louisiana Educational Assessment Program (LEAP) for the 21st century
For the Year Ended June 30, 2007

School Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	1	6%					0	0%				
Mastery	2	13%	N/A	N/A	N/A	N/A	1	6%	N/A	N/A	N/A	N/A
Basic	11	69%					7	44%				
Approaching Basic	2	13%					4	25%				
Unsatisfactory	0	0%					4	25%				
Total	16	101%					16	100%				

School Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced												
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic												
Approaching Basic												
Unsatisfactory												
Total												

Note: Robert Russa Moton Charter School is a elementary school, therefore 8th grade achievement level results does not apply.

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

The Graduation Exit Exam for the 21st Century
 For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced												
Mastery												
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic												
Unsatisfactory												
Total												

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced												
Mastery												
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic												
Unsatisfactory												
Total												

Note: Robert Russa Moton Charter School is a elementary school, therefore this schedule does not apply.

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

The IOWA and iLEAP Tests
For The Year Ended June 30, 2007

iLEAP Tests

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	5%	0	0%	0	0%	0	0%
Mastery	12	55%	6	27%	1	5%	0	0%
Basic	5	23%	12	55%	7	32%	13	59%
Approaching Basic	2	9%	2	9%	11	50%	7	32%
Unsatisfactory	2	9%	2	9%	3	14%	2	9%
Total	22	101%	22	100%	22	101%	22	100%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	4%	0	0%	1	4%	0	0%
Basic	9	39%	7	30%	4	17%	2	9%
Approaching Basic	1	4%	6	26%	9	39%	10	43%
Unsatisfactory	12	52%	10	43%	9	39%	11	48%
Total	23	99%	23	99%	23	99%	23	100%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	2	9%	0	0%	0	0%
Basic	9	39%	12	52%	2	9%	7	30%
Approaching Basic	9	39%	5	22%	15	65%	2	9%
Unsatisfactory	5	22%	4	17%	6	26%	14	61%
Total	23	100%	23	100%	23	100%	23	100%

Note: Robert Russa Moton Charter School is a elementary school, therefore achievement level results for grades 7 and 9 are not applicable.