

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School (the School), as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the 2010 financial statements and in our report dated September 27, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School as of June 30, 2011, and the changes in its net assets 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, we have also issued our report, dated September 26, 2011, on our consideration of Advocates for Arts-Based Education Corporation d/b/a Lusher Charter School's internal control over financial reporting and on our 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 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 our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic 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 basic financial statements as a whole.

Bourgeois Bennett, LLC.
Certified Public Accountants.

New Orleans, Louisiana,
September 26, 2011.

STATEMENT OF FINANCIAL POSITION

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

June 30, 2011
(with comparative totals for 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 8,439,381	\$ 5,829,477
Grants receivable	712,627	3,250,597
Prepaid expenses	104,110	105,687
Investments	4,075,695	2,541,301
Deposits	103,460	83,460
Property and equipment, net	<u>3,422,550</u>	<u>3,451,493</u>
Total assets	<u>\$ 16,857,823</u>	<u>\$ 15,262,015</u>
LIABILITIES		
Accounts payable	\$ 129,939	\$ 99,719
Accrued expenses	<u>643,787</u>	<u>454,571</u>
Total current liabilities	<u>773,726</u>	<u>554,290</u>
NET ASSETS		
Unrestricted	15,825,942	14,305,844
Temporarily restricted	<u>258,155</u>	<u>401,881</u>
Total net assets	<u>16,084,097</u>	<u>14,707,725</u>
Total liabilities and net assets	<u>\$ 16,857,823</u>	<u>\$ 15,262,015</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

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

For the year ended June 30, 2011
(with comparative totals for 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Totals</u>	<u>2010 Totals Only</u>
Revenues and Other Support				
Contributions	\$ 38,857	\$ 45,551	\$ 84,408	\$ 334,962
Grants:				
Federal	834,599		834,599	1,258,562
State - Minimum Foundation Program	6,236,572		6,236,572	5,410,678
Local - Minimum Foundation Program	6,732,461		6,732,461	6,966,170
Other	65,198		65,198	158,408
Student activity fees	1,208,675		1,208,675	1,082,493
Other revenue	273,055		273,055	117,665
Investment income	56,843		56,843	44,564
Net assets released from restrictions	189,277	(189,277)	-	-
	<u>15,635,537</u>	<u>(143,726)</u>	<u>15,491,811</u>	<u>15,373,502</u>
Expenses				
Depreciation	375,503		375,503	361,221
Employee benefits	2,173,036		2,173,036	1,746,765
Food services	49,140		49,140	45,120
Insurance	201,220		201,220	205,354
Other expenses	479,506		479,506	383,380
Payroll tax expense	167,409		167,409	162,948
Professional services	452,884		452,884	630,129
Rent	86,633		86,633	-
Repairs and maintenance	715,142		715,142	764,445
Salaries	8,641,460		8,641,460	8,171,373
Supplies:				
School	473,912		473,912	472,994
Other	25,082		25,082	36,854
Utilities	274,512		274,512	260,389
	<u>14,115,439</u>	<u>-</u>	<u>14,115,439</u>	<u>13,240,972</u>
Increase in net assets	1,520,098	(143,726)	1,376,372	2,132,530
Net Assets				
Beginning of year	<u>14,305,844</u>	<u>401,881</u>	<u>14,707,725</u>	<u>12,575,195</u>
End of year	<u>\$ 15,825,942</u>	<u>\$ 258,155</u>	<u>\$ 16,084,097</u>	<u>\$ 14,707,725</u>

See notes to financial statements.

Advocates for Arts Based Education
dba Lusher Charter School
As of June 30, 2011

1) Detail of Net Assets=(Detail of Assets)

Cash		\$			8,439,381
Accounts Receivable					
Title IV 2009-2010 Claim 1	\$		3,057		
Title II 2009-2010 Claim 1	\$		53,966		
RESTART	\$		19,749		
Title I 2009-2010 NOPS Summer Program Set Aside	\$		3,954		
Title II 2009-2010 Claim 2	\$		20,556		
Title II 2009-2010 Claim 3	\$		13,467		
Title IV 2009-2010 Claim 2	\$		3,087		
Gulf Coast Recovery Grant 2010-2011 Claim 1	\$		101,828		
Title II 2010-2011 Claim 1	\$		89,773		
Educational Excellence Fund 2010-2011 Claim 1	\$		50,382		
IDEA Pt B (ARRA) 2010-2011 Claim 1	\$		98,348		
HEAP funds 2010-2011 Claim 1	\$		60,620		
Gulf Coast Recovery Grant 2010-2011 Claim 2	\$		193,842		
				\$	712,627
Whitney Bank CD		\$		\$	4,034,000
Liberty Bank CD		\$		\$	41,695
Prepaid Expenses		\$		\$	104,111
Entergy Deposits		\$		\$	103,460
Property and Equipment, net		\$		\$	3,422,550
				\$	16,857,823
less: Accounts Payable and Accrued Expenses				\$	(773,726)
Total Net Assets				\$	<u>16,084,097</u>
Unrestricted Net Assets	\$		15,825,942		
Temporarily Restricted Net Assets	\$		258,155		

2) Spendable Cash=(Cash - Accounts Payable - Accrued Expenses)

Cash	\$		8,439,381
less: Accounts Payable	\$		(129,939)
less: Accrued Expense	\$		(643,787)
less: Restricted Donations	\$		(258,155)
Total	\$		<u>7,407,500</u>

3) Spendable Cash Upon Receipts= (Cash+ Accounts Receivable - Accounts Payable - Accrued Expense)

Cash	\$		8,439,381
plus: Accounts Receivable	\$		712,627
less: Accounts Payable	\$		(129,939)
less: Accrued Expenses	\$		(643,787)
less: Restricted Donations	\$		(258,155)
Total	\$		<u>8,120,127</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

For the year ended June 30, 2011

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
United States Department of Education:		
<u>Pass-Through Program From:</u>		
<u>Louisiana Department of Education</u>		
<u>Orleans Parish School Board</u>		
Equity in Academic Excellence Cooperative	84.215c	\$ 295,648
Education Jobs Funds	84.410	271,727
Improving Teacher Quality State Grants	84.367	102,693
Special Education Grants to States (IDEA Part B)	84.391	100,024
Hurricane Educator Assistance Program	84.938k	60,620
Safe and Drug Free Schools and Communities-State Grants	84.186a	3,087
Education for Homeless Children and Youth	84.196	<u>800</u>
Total Expenditures of Federal Awards		<u>\$ 834,599</u>

See notes to schedule of expenditures of federal awards.

95
Compared
to
\$ 1,258,562
for FY10

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

For the year ended June 30, 2011

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Internal control over major program:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness? yes no

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 yes no

Section I - Summary of Auditor's Report (Continued)

c) Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.215c	Equity in Academic Excellence Cooperative
84.410	Education Jobs Funds

Dollar threshold used to distinguish
between Type A and Type B programs: \$300.000

Auditee qualified as a low-risk auditee? yes no

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

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2011.

No significant deficiencies were noted during the audit of the financial statements for the year ended June 30, 2011.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2011.

Section III - Federal Award Findings and Questioned Costs

Internal Control / Compliance

No findings or questioned costs were reported during the audit of the financial statements for the year ended June 30, 2011.