

7298

RECEIVED
LEGISLATIVE AUDITOR

2007 MAR 28 AM 10:39

Financial Report

(Compiled)

***Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association***

August 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/25/07

TABLE OF CONTENTS

Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association

August 31, 2005

Financial Section	<u>Exhibits</u>	<u>Page Number</u>
Independent Auditor's Report		1
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis	A	2
Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis	B	3
Statement of Functional Expenses - Modified Cash Basis	C	4
Statement of Cash Flows - Modified Cash Basis	D	5
Notes to Financial Statements	E	6 - 11



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors,
Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association,
New Orleans, Louisiana

We have compiled the accompanying statement of assets, liabilities, and net assets - modified cash basis of Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association (the PTSA) at August 31, 2005, and the related statement of revenues, expenses, and changes in net assets - modified cash basis, statement of functional expenses - modified cash basis, and statement of cash flows - modified cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements, and, accordingly, do not express an opinion or any other form of assurance on them.

As explained in Note 6 to the financial statements, an error was discovered in the accounting for the construction in progress during the prior year. Accordingly, net assets at September 1, 2004 have been restated to correct the error.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
March 21, 2007.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS

**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

August 31, 2005

Assets

Cash and cash equivalents	\$ 804,489
Investments	206,644
Construction in progress	<u>47,940</u>

Total Assets \$ 1,059,073

Net Assets

Unrestricted	\$ 623,640
Temporarily restricted	<u>435,433</u>

Total net assets \$ 1,059,073

See notes to the financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - MODIFIED CASH BASIS

**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

For the year ended August 31, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Grants - state agency	\$ 131,753		\$ 131,753
Contributions		\$ 271,347	271,347
Program service fees	142,200		142,200
Special events	101,544		101,544
Assessments - students	59,364		59,364
Investment income	13,961		13,961
Other	3,403		3,403
	<hr/>	<hr/>	<hr/>
Total revenues and other support	452,225	271,347	723,572
Net Assets Released From Restrictions			
Program restrictions satisfied by payments	22,719	(22,719)	-
	<hr/>	<hr/>	<hr/>
Total revenues, other support and net assets released from restrictions	474,944	248,628	723,572
	<hr/>	<hr/>	<hr/>
Expenses			
Program services	263,495		263,495
Management and general	12,587		12,587
Fundraising	30,620		30,620
	<hr/>	<hr/>	<hr/>
Total expenses	306,702	-	306,702
	<hr/>	<hr/>	<hr/>
Change in Net Assets	168,242	248,628	416,870
Net Assets			
Beginning of year, as restated	455,398	186,805	642,203
	<hr/>	<hr/>	<hr/>
End of year	\$ 623,640	\$ 435,433	\$ 1,059,073
	<hr/>	<hr/>	<hr/>

See notes to the financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS**

**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

For the year ended August 31, 2005

	Program Services	Support Services		Total Expenses
		Management And General	Fundraising	
Accounting	\$ -	\$ 3,820	\$ -	\$ 3,820
Capital campaign	-	-	722	722
Miscellaneous	11,998	7,915	-	19,913
Professional services - teachers	165,976	-	-	165,976
School support	46,920	-	-	46,920
Special event expenses	-	-	29,898	29,898
Sports programs	8,106	-	-	8,106
Staff development	21,458	-	-	21,458
Supplies	9,037	852	-	9,889
Total expenses	\$ 263,495	\$ 12,587	\$ 30,620	\$ 306,702

See notes to the financial statements.

STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS

**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

For the year ended August 31, 2005

Cash Flows From Operating Activities:

Change in net assets	\$ 416,870
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Revenues restricted for the acquisition of property and equipment:	
Capital Campaign contributions, net of expenses	(265,175)
Donations of investments	(17,740)
Realized gains on sale of investments	(15,883)
Unrealized loss on investments	12,977
	131,049
Net cash provided by operating activities	131,049

Cash Flows From Investing Activities:

Proceeds from investments	91,704
Purchases of investments	(200,000)
Purchases of construction in progress	(21,996)
	(130,292)
Net cash used in investing activities	(130,292)

Cash Flows From Financing Activities:

Collections of Capital Campaign contributions restricted for the acquisition of property and equipment	265,175
	265,175

Net Increase in Cash and Cash Equivalents

265,932

Cash and Cash Equivalents

Beginning of year	538,557
	538,557
End of year	\$ 804,489
	804,489

SUPPLEMENTAL CASH FLOW DISCLOSURE:

Noncash Operating and Financing Activities include the Acquisition of Investments by Donation	\$ 17,740
	17,740

See notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

**Robert Mills Lusher Alternative Elementary
School Parent-Teacher-Student Association**

August 31, 2005

**Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

a) Nature of Activities

Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association (the "Association") is a nonprofit organization providing services and support for the welfare of children in their home, school, and community. The Association is organized to bring the home and the school to a closer relationship; to enhance the effectiveness of communications between parents, teachers and students and more specifically, Robert Mills Lusher Alternative Elementary School (the "School") (which became Lusher Charter School in January 2006); to facilitate parents' efforts to serve as a resource to the school; and to assist the School whenever possible. The Association provides services through various classes in two programs: The Art After Hours Program and Extended Day Program.

b) Basis of Accounting

The financial statements of the Robert Mills Lusher Alternative Elementary School Parent-Teacher-Student Association are prepared on the basis of cash receipts and disbursements with the following exceptions:

Investments in marketable securities are recorded at fair market value with unrealized gain or loss on market value being recognized when incurred.

The modified cash basis of accounting differs from generally accepted accounting principles primarily because interest and dividends are reported when received, contributions and grant revenue are reported when cash is received, and trade accounts payable are not recorded.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations." Under SFAS No. 117, net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor - imposed stipulations that they be maintained permanently by the Association. The Association does not have any permanently restricted net assets.

d) Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less and money market funds to be cash equivalents.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions, when cash is received. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

g) Investments

Investments in equity securities with readily determinable fair values established in exchange markets are measured at fair value.

h) Construction in Progress

The Association has been raising funds to improve the facilities of the School. The Association's intention is to complete the construction of a new building and donate it to Lusher Charter School.

i) Donated Services of Volunteers

Donated services have not been recorded in the financial statements since no objective basis is available to measure the value of such services. A substantial number of volunteers donate significant amounts of their time in the Association's program and supporting services.

j) Allocated Expenses

The costs of providing the various programs and other activities are summarized in the statement of functional expenses. Certain expenses have been allocated among the programs and support services based on management's estimates of the costs involved.

Note 2 - INCOME TAX STATUS

The Association is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Note 3 - INVESTMENTS

At August 31, 2005, investments in marketable securities consisted of the following:

	Cost	Market Value	Excess of Market Value Over (Under) Cost
Balances at August 31, 2005	\$ 206,664	\$ 206,644	\$ (20)
Balances at August 31, 2004	\$ 64,745	\$ 77,702	12,957
Decrease in unrealized appreciation			\$ (12,977)

Investment income for the year ended August 31, 2005 is summarized as follows:

Interest	\$ 5,471
Dividends	5,584
Realized gains	15,883
Unrealized loss	(12,977)
Total investment income	\$ 13,961

Note 4 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes. Restrictions on such funds are considered to expire when payment for the restricted purpose is made.

Temporarily restricted net assets at August 31, 2005 are available for the following purposes:

Robert Mills Lusher Alternative Elementary School building extension (Capital Campaign)	\$ 399,297
Computer hardware and software, technical support, and teacher training	<u>36,136</u>
Total	<u>\$ 435,433</u>

Note 5 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Association to risk include cash and cash equivalents on deposit with financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$100,000 at each bank and by the Securities Investor Protection Corporation up to \$500,000 at each investment brokerage firm (with a limit of \$100,000 for cash). At August 31, 2005, the Association's uninsured cash balances were approximately \$618,000.

Note 6 - RESTATEMENT OF NET ASSETS

An error was made in the prior year in accounting for construction in progress costs which were expensed. As a result, construction in progress and net assets were understated by \$25,944 at September 1, 2004. The Association has restated its unrestricted net assets as follows:

Note 6 - RESTATEMENT OF NET ASSETS (Continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Balance at September 1, 2004, as previously reported	\$ 429,454	\$ 186,805	\$ 616,259
Restatement for correction of error in accounting for construction of progress asset	<u>25,944</u>	<u>-</u>	<u>25,944</u>
Balance at September 1, 2004, at restated	<u>\$ 455,398</u>	<u>\$ 186,805</u>	<u>\$ 642,203</u>

Note 7 - CONTINGENCY

On August 29, 2005, New Orleans and the surrounding area suffered a natural disaster, Hurricane Katrina. The School's enrollment dropped from approximately 1,200 students to approximately 800 students for the 2005 - 2006 school year. Assessments for students program service fees for classes and grants from state agencies will be reduced due to the decline in enrollment for fiscal 2006 and 2007 years. Management of the School is not able to estimate the overall effect of the storm on future operations at this time.

Note 8 - SUBSEQUENT EVENT

In the fall of 2005, the Board of Secondary Education and the Orleans Parish School Board agreed to make Lusher Elementary School a charter school. The name of the School has been changed to Lusher Charter School.