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March 4, 2026

Mr. Michael J. Waguespack, CPA
Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70802

RE: Resubmission of Annual Audit Report – FirstLine Schools, Inc.

To Whom It May Concern:

Please find enclosed the revised annual audit report for FirstLine Schools, Inc. (FirstLine) for the fiscal year ended June 30, 2025. This submission replaces the version previously filed with your office.

Subsequent to the initial completion and filing of the audit on November 26, 2025, it was determined that adjustments were required to correct certain accounts, including cash, accounts payable, accrued expenses, and other revenue related to the consolidation and intercompany close out of the Live Oak campus. The adjustments are the result of management's discovery of an error in a journal entry which occurred just prior to issuance. We have redated our opinion for this correction, the effects of which are described in Note 15.

Thank you for your assistance in updating this filing. Should you have any questions regarding this submission, please feel free to contact our office at 985-892-5850.

A handwritten signature in cursive script that reads "LaPorte".

LaPorte, CPAs & Business Advisors

FIRSTLINE SCHOOLS, INC.

Annual Consolidated Financial Statements

June 30, 2025



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Independent Auditor's Report

To the Board of Directors
FirstLine Schools, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of FirstLine Schools, Inc. (FirstLine) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, the related consolidated statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FirstLine as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FirstLine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the 2025 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying consolidating statement of financial position, consolidating statement of activities, schedule of financial position by school, schedule of activities by school, schedule of functional expenses by school, schedule of compensation, benefits and other payments to the chief executive officer, and schedule of board members and compensation are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of FirstLine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 FirstLine's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
November 26, 2025
(except for Note 15, as to which
the date is March 4, 2026)

FIRSTLINE SCHOOLS, INC.
Consolidated Statement of Financial Position
June 30, 2025

Assets	
Cash and Cash Equivalents	\$ 27,880,590
Grants Receivable	2,985,595
Other Receivables	43,728
Investments	16,546,243
Prepaid Expenses	416,264
Right-of-Use Asset	172,565
Property and Equipment, Net	<u>1,015,699</u>
Total Assets	<u>\$ 49,060,684</u>
Liabilities and Net Assets	
Liabilities	
Accounts Payable	\$ 1,072,614
Accrued Liabilities	1,440,311
Lease Liability	<u>176,808</u>
Total Liabilities	<u>2,689,733</u>
Net Assets	
Without Donor Restrictions	<u>46,370,951</u>
Total Liabilities and Net Assets	<u>\$ 49,060,684</u>

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

FIRSTLINE SCHOOLS, INC.
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Local Sources			
Minimum Foundation Program	\$ 25,652,943	\$ -	\$ 25,652,943
Grants	300,224	-	300,224
Total Local Sources	25,953,167	-	25,953,167
State Sources			
Minimum Foundation Program	13,269,607	-	13,269,607
Grants	1,081,224	-	1,081,224
Total State Sources	14,350,831	-	14,350,831
Federal Sources			
Grants	9,821,850	-	9,821,850
Medicaid	905,565	-	905,565
Total Federal Sources	10,727,415	-	10,727,415
Other Revenue			
Other Revenue	1,933,509	-	1,933,509
Interest	1,555,848	-	1,555,848
Employee Retention Credit	2,264,243	-	2,264,243
Unrealized Gains on Investments, Net	245,832	-	245,832
Total Other Revenue	5,999,432	-	5,999,432
Total Revenue	57,030,845	-	57,030,845
Expenses			
Program Services			
Instructional	47,524,338	-	47,524,338
Supporting Services			
Management and General	6,029,383	-	6,029,383
Fundraising	285,064	-	285,064
Total Expenses	53,838,785	-	53,838,785
Change in Net Assets	3,192,060	-	3,192,060
Net Assets, Beginning of Year	43,178,891	-	43,178,891
Net Assets, End of Year	\$ 46,370,951	\$ -	\$ 46,370,951

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

FIRSTLINE SCHOOLS, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services	Supporting Services		Total
	Instructional	Management and General	Fundraising	
Salaries, Wages, and Benefits				
Salaries and Wages	\$ 23,406,041	\$ 1,951,214	\$ 196,583	\$ 25,553,838
Payroll Taxes and Benefits	5,379,942	439,240	42,643	5,861,825
Total Salaries, Wages, and Benefits	28,785,983	2,390,454	239,226	31,415,663
Purchased Professional and Technical Services	4,363,695	2,168,184	8,120	6,539,999
Student Transportation Services	2,921,659	-	-	2,921,659
Food Service Management	2,784,199	18,743	-	2,802,942
Supplies	2,136,535	355,180	28,277	2,519,992
Repairs and Maintenance	1,906,914	-	-	1,906,914
Transfers	1,625,730	-	-	1,625,730
Insurance	911,130	311,370	-	1,222,500
Other Purchased Services	384,362	412,571	5,565	802,498
Authorizer Fees	679,749	-	-	679,749
Electricity and Gas	529,530	-	-	529,530
Other Purchased Property Services	218,137	114,658	-	332,795
Communications	240,933	52,642	-	293,575
Depreciation	-	157,514	-	157,514
Miscellaneous Expenses	35,782	48,067	3,876	87,725
Total	\$ 47,524,338	\$ 6,029,383	\$ 285,064	\$ 53,838,785

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

FIRSTLINE SCHOOLS, INC.
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2025

Cash Flows from Operating Activities

Change in Net Assets	\$ 3,192,060
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation Expense	157,514
Amortization of Right-of-Use Asset	58,112
Donation of Fixed Assets	1,643,997
Unrealized Gain on Investments	(245,832)
(Increase) Decrease in:	
Prepaid Expenses	(325,884)
Grants Receivable	1,463,466
Other Receivables	175,786
Increase (Decrease) in:	
Accounts Payable	(3,931,973)
Accrued Liabilities	(224,628)
Deferred Revenue	(133,017)
Lease Liability	(57,703)

Net Cash Provided by Operating Activities	<u>1,771,898</u>
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Cash Flows from Investing Activities

Purchases of Investments	(20,873,411)
Cash Receipts on Matured Investments	23,762,000
Purchases of Property and Equipment	(988,581)

Net Provided by Investing Activities	<u>1,900,008</u>
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Net Increase in Cash and Cash Equivalents	3,671,906
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Cash and Cash Equivalents, Beginning of Year	<u>24,208,684</u>
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Cash and Cash Equivalents, End of Year	<u>\$ 27,880,590</u>
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The accompanying notes are an integral part of these consolidated financial statements.

FIRSTLINE SCHOOLS, INC.

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Account Policies

General

FirstLine Schools, Inc. (FirstLine) is a nonprofit organization formed in 1998 to serve as the chartering group for Arthur Ashe Charter School (Ashe) formerly known as New Orleans Charter Middle School (NOCMS). FirstLine was also granted charters by the Louisiana Board of Elementary and Secondary Education (LDOE) and the Orleans Parish School Board (OPSB) to operate Samuel J. Green Charter School (Green) beginning in the 2005-2006 school year, Phillis Wheatley Community School (Wheatley) beginning in the 2010-2011 school year, and Langston Hughes Academy (Hughes) beginning in the 2012-2013 school year. The Board of Directors consists of individuals with experience in business and education that have an interest in public education.

The mission of FirstLine is to create and inspire great open admissions public schools in New Orleans. FirstLine's schools will prepare students for college and fulfilling careers by achieving the following primary objectives:

- Ensuring all of its students are on track to be academically prepared for success in a college preparatory high school and college as demonstrated by achievement, aspiration, love of learning, and confidence;
- Providing a rich variety of experiences for its students to nurture character, health, and active citizenship; and
- Developing the skillfulness of its staff and building sustainable organizations that facilitate its long-term success.

In the 2024-2025 school year, Green, Ashe, Wheatley, and Hughes served the following number of students, as updated for the February 1st, 2025 student count:

Green	507
Ashe	779
Wheatley	776
Hughes	789
	<hr/>
Total	2851
	<hr/> <hr/>

Consolidated Financial Statements

During November 2023, Friends of FirstLine (Friends), a non-profit organization organized for the benefit and support of FirstLine, was formed. In accordance with the bylaws of Friends, the majority of the Friends board shall be made up of members of the FirstLine board. As a result, FirstLine has controlling financial interest through direct ownership of a majority voting interest in Friends and also has an economic interest in Friends. The accompanying consolidated financial statements include the accounts of FirstLine and Friends. Any significant intercompany accounts and transactions are eliminated.

Note 1. Nature of Activities and Summary of Significant Account Policies (Continued)

Basis of Accounting

FirstLine's consolidated financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reversionary Interest in Funds and Assets

All funds received from the OPSB, LDOE, United States Department of Education (USDOE), or other state or federal agencies are to be used for educational purposes as described in the FirstLine's charter agreement and grant awards. These agencies, however, have a reversionary interest in these funds, as well as any assets acquired with these funds. Should a charter agreement not be renewed, those funds and assets will transfer to the appropriate agency.

Investments

FirstLine carries investments in debt securities at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities and changes in net assets. Net investment income/(loss) is reported in the consolidated statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Fair Value of Financial Instruments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Note 1. Nature of Activities and Summary of Significant Account Policies (Continued)

Fair Value of Financial Instruments (Continued)

The three levels of the fair value hierarchy under Topic 820 are described as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that FirstLine can access at the measurement date
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.

- Level 3 Inputs that are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025:

Corporate Bonds and U.S. government securities - Corporate bonds are valued at the closing price reported on the active market on which the individual securities are traded. The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. The valuation techniques utilized by LAMP are considered Level 2 inputs.

Exchange traded funds (ETF) and mutual funds - Valued at the daily closing price as quoted in active markets. Mutual funds held by FirstLine are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). The NAV of an ETF is calculated in the same manner as it is for a mutual fund: by summing the total assets and subtracting the total liabilities, divided by the number of shares outstanding. The NAV is value used to compare it with other funds and to calculate performance statistics. However, the NAV may not represent the current value of an ETF since the component prices change throughout the trading day. The ETFs held by FirstLine are deemed to be actively traded and valued at the NAV calculated at the end of the trading day.

FIRSTLINE SCHOOLS, INC.

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Account Policies (Continued)

Fair Value of Financial Instruments (Continued)

Cash and cash equivalents and money market deposits - Valued at cost which approximates fair value.

Property and Equipment

Property and equipment of FirstLine with a cost of \$5,000 or more are recorded as assets (capitalized) and are stated at historical costs, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation is calculated utilizing the straight-line method over estimated useful lives of the assets as follows:

Land	Not Depreciated
Construction in Progress	Not Depreciated
Machinery and Equipment	3 to 5 years
Leasehold Improvements	5 to 7 years

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

Grant Revenue

Revenues from governmental grants are recognized when allowable expenses are made by FirstLine. Funds received for specific purposes but not yet expended are recorded as deferred revenue.

Grants Receivable

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

Statement of Cash Flows

For the purposes of the consolidated statement of cash flows, cash equivalents include all highly liquid instruments purchased with original maturities of three (3) months or less.

Income Taxes

FirstLine is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying consolidated financial statements. FirstLine files as a tax-exempt organization.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. FirstLine believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the consolidated financial statements.

Note 1. Nature of Activities and Summary of Significant Account Policies (Continued)

Income Taxes (Continued)

Penalties and interest assessed by income taxing authorities, if any, are included in income tax expense.

FirstLine applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. FirstLine has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

Basis of Accounting and Presentation of Net Assets

The consolidated financial statements of FirstLine have been prepared in accordance with U.S. GAAP, which requires FirstLine to report information regarding its financial position and activities according to the following net asset classifications:

- *Net Assets Without Donor Restrictions* - include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of FirstLine are included in this category.
- *Net Assets With Donor Restrictions* - include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

At June 30, 2025, FirstLine had no net assets with donor restrictions.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded as pledges receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Management has determined that the pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at June 30, 2025.

Contributions

Contributions are recorded as unrestricted, or restricted support, depending on the existence and nature of any donor restrictions. All donor-restricted support is recognized as an increase in net assets with donor restrictions.

Note 1. Nature of Activities and Summary of Significant Account Policies (Continued)

Contributions (Continued)

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Minimum Foundation Program (MFP)

As Type 3B charter schools, Ashe, Green, Wheatley, and Hughes received funding from the LDOE passed through OPSB in an amount for pupils based on estimated daily attendance of pupils at the schools. The amount of funding received is adjusted during the school year based on the October 1st and February 1st student counts and the results of any audits performed. OPSB withholds and receives an administrative fee of approximately 2% of MFP funds from FirstLine.

Functional Allocation of Expenses

The costs of providing activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocated if an expenditure benefits more than one program or function. The expenses that are allocated are allocated on the basis of estimates of employee cost, time, and effort allocations to functional programs. Expenses subject to allocation include employee benefits.

Vacation Leave

During the year ended June 30, 2025, FirstLine provided paid vacation for twelve-month, full-time employees. Vacation leave for these employees ranges from three (3) to six (6) weeks per year, based on position. Additional vacation time is earned at certain anniversary milestones, capping at six (6) weeks. Vacation leave accrues bi-monthly and is compensable upon termination. Unused vacation leave does not carry forward into the next fiscal year.

FirstLine recognizes a liability for compensated absences based on unused vacation leave throughout the year. As of June 30, 2025, the total accrued liability for compensated absences was \$-0- as all unused vacation leave expired on June 30, 2025.

Paid Leave

During the year ended June 30, 2025, all employees received eight (8) days of sick leave and two (2) days of personal leave. During the year ended June 30, 2025, FirstLine implemented a policy to allow 11-month employees to be paid for up to five (5) days of unused paid leave in eight (8) hour increments.

FIRSTLINE SCHOOLS, INC.

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Account Policies (Continued)

Paid Leave

FirstLine recognizes a liability for paid leave based on unused sick and personal leave throughout the year. As of June 30, 2025, the total accrued liability for paid leave was \$-0- as all unused vacation leave expired on June 30, 2025.

Leases

FirstLine accounts for leases under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, which requires lessees to record right-of-use (ROU) assets and related lease obligations on the consolidated statement of financial position. The ROU assets represent the right-to-use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments over that term. ROU assets and liabilities are recognized at commencement based on the present value of lease payments over the lease term. ROU assets also include any lease payments made prior to lease commencement and exclude lease incentives. The lease term is the noncancelable period of the lease and includes options to extend or terminate the lease when it is reasonably certain that an option will be exercised.

Note 2. Property and Equipment

The following is a summary of property and equipment at June 30, 2025:

Land	\$ 181,485
Leasehold Improvements	2,282,516
Machinery and Equipment	<u>436,402</u>
Total Property and Equipment	2,900,403
Less: Accumulated Depreciation	<u>(1,884,704)</u>
Net Property and Equipment	<u>\$ 1,015,699</u>

For the year ended June 30, 2025, depreciation expense totaled \$157,514.

During the year, Firstline donated \$1,640,000 in building improvements to the OPSB. The donation was recorded as a transfer in Firstline's statement of functional expenses. The OPSB formally ratified acceptance of the donation during the year ended June 30, 2025. As the assets were transferred upon completion, they were also disposed of on Firstline's statement of financial position during the year ended June 30, 2025.

FIRSTLINE SCHOOLS, INC.

Notes to Consolidated Financial Statements

Note 3. Investments

Investments are stated at fair value and are summarized as follows as of June 30, 2025:

Assets	Level 1	Level 2	Level 3	Net Balance
Cash and Cash Equivalents	\$ 2,681	\$ -	\$ -	\$ 2,681
Money Market Deposits	3,440,725	-	-	3,440,725
Real Estate	52,224	-	-	52,224
ETFs	56,563	-	-	56,563
Mutual Funds	129,792	-	-	129,792
U.S. Corporate Bonds	851,071	-	-	851,071
Equities	1,736,074	-	-	1,736,074
Government Securities	-	10,277,113	-	10,277,113
Total	\$ 6,269,130	\$ 10,277,113	\$ -	\$ 16,546,243

Note 4. Risk Management

FirstLine is exposed to various risks of loss related to torts; theft of, damage to, and destruction of property for which FirstLine carries commercial liability insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Note 5. Concentration of Credit Risk

FirstLine maintains noninterest-bearing and interest-bearing accounts at local banks. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage on deposit accounts for deposit amounts up to \$250,000. The FDIC insurance coverage limit applies per depositor, per insured depository institution for each account ownership category. FirstLine also participates in a cash sweep program at its primary bank which transfers operating cash deposits across multiple banks on a daily basis as to expand FirstLine's deposits across multiple FDIC insured banks.

Cash deposits totaled approximately \$28.2 million as of June 30, 2025, of which approximately \$27.7 million were uninsured and subject to custodial credit risk. Of the \$27.7 million in uninsured deposits, approximately \$27.6 million of deposits were in transit between an IntraFi Network Deposit (ICS) account and an operating account, which became FDIC insured on the next business day. In addition, FirstLine held funds in a money market fund comprised of governmental securities which is not FDIC insured. These funds are reported as investments on the consolidated statement of financial position (see Note 3).

Note 6. Commitments and Contingencies

FirstLine is a recipient of grants from local, state, and federal funding agencies. The grants are governed by various local, state, and federal guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants are under the control and administration of FirstLine and are subject to audit and/or review by grantors. Any grant funds found to be not properly spent in accordance with the terms, conditions, and regulations of local, state, and federal agencies may be subject to recapture.

In the normal course of business, FirstLine is periodically engaged in various legal proceedings incidental to its normal business activities. The resolution of such matters is not expected to have a material adverse effect on FirstLine's consolidated statement of financial position, activities and changes in net assets, or cash flows.

During previous years, FirstLine amended certain payroll tax returns from 2020 as to claim and receive Employee Retention Tax Credits (ERTC). Management of FirstLine determined that it qualified for this credit because its operations were fully or partially suspended due to a reduction of gross receipts during the allowable periods. FirstLine recognized and recorded ERTC income totaling \$2,264,243 during the year ended June 30, 2025 upon approval of the credit by the Internal Revenue Service (IRS) and receipt of the funds. The ERTC claims are subject to review by the IRS until the statute of limitations is determined to have expired. If the IRS were to challenge FirstLine's eligibility for all or part of the credit, it could result in an obligation for repayment, including penalties and interest.

Note 7. Lease and Use Agreements

FirstLine entered into facility lease agreements with the OPSB to lease school property owned by the OPSB for purposes of operating Green, Ashe, Wheatley, and Hughes charter schools. The facility lease terms with the OPSB for each of FirstLine's charter schools and facility leases were as follows:

Ashe	July 1 2022 to June 30, 2026
Green	July 1 2024 to June 30, 2029
Wheatley	July 1 2024 to June 30, 2027
Hughes	July 1 2022 to June 30, 2026

In consideration of the use of OPSB's school properties, FirstLine agreed to pay the OPSB use fees for each charter school based on a formula to compute OPSB's per pupil unit cost, as defined in the respective facility lease agreements.

FirstLine is responsible for the maintenance costs of the leased property and for property repairs. In addition, any facility alterations to the lease property must be approved by the OPSB.

FIRSTLINE SCHOOLS, INC.

Notes to Consolidated Financial Statements

Note 7. Lease and Use Agreements (Continued)

The use of the properties as described above is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the land and building is not readily available.

Note 8. Grants Receivable

At June 30, 2025, grants receivable consisted of the following sources:

Federal	\$ 1,990,591
State	38,076
Local	<u>956,928</u>
Total	<u>\$ 2,985,595</u>

Note 9. Availability and Liquidity

At June 30, 2025, FirstLine has financial assets available within one year of the consolidated statement of financial position date to meet cash needs for general expenditures consisting of the following:

Cash and Cash Equivalents	\$ 27,880,590
Grants Receivable	2,985,595
Other Receivables	43,728
Investments	<u>16,546,243</u>
Total	<u>\$ 47,456,156</u>

None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the consolidated statement of financial position date. FirstLine's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of operating expenses. FirstLine regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources of FirstLine. In addition, FirstLine operates with a budget and monitors sources and uses of funds throughout the year by comparing budget to actual operating expenses.

Note 10. Board Compensation

The Board of Directors of FirstLine is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2025.

FIRSTLINE SCHOOLS, INC.

Notes to Consolidated Financial Statements

Note 11. Concentration of Revenue Source

FirstLine's primary sources of funding are the Minimum Foundation Program (MFP) funded by the State Public School Fund, state grants from the LDOE, and federal grants passed through the LDOE. Under the MFP, FirstLine receives a state allocation and a local allocation per eligible student in attendance at the official pupil count date of October 1st of each year.

For the year ended June 30, 2025, FirstLine received 68% of its revenues from the LDOE and the OPSB, subject to the MFP calculation and its charter school contracts with the OPSB and 19% of its funding from the federal government and other Louisiana state grant programs passed through the LDOE.

Note 12. Operating Lease

On March 22, 2023, FirstLine exercised its option for the initial renewal option term under the renewal option addendum to the lease to occupy office space under a non-cancellable operating lease commencing on April 1, 2023 and expiring March 31, 2028. During the renewal option term, the base rent schedule is as follows:

- Months 1 - 12: \$5,222.00 per month
- Months 13 - 24: \$5,431.00 per month
- Months 25 - 60: \$5,431.00 per month

Operating lease costs for this facility were \$100,020 for the year ended June 30, 2025 and are included in rent expense in the consolidated statement of functional expenses.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability as of June 30, 2025:

Year Ending June 30,	Amount
2026	\$ 67,776
2027	67,776
2028	<u>50,832</u>
Total Lease Payments	186,384
Less: Present Value Discount	<u>(9,576)</u>
Total Lease Liability	<u><u>\$ 176,808</u></u>

FIRSTLINE SCHOOLS, INC.

Notes to Consolidated Financial Statements

Note 12. Operating Lease (Continued)

The remaining lease term (in months) and discount rates for the above-mentioned lease were as follows for the year ended June 30, 2025:

Remaining Lease Term	45
Discount Rate	4.00%

Note 13. Related Parties

FirstLine contracts with a educational consultant related to a board member. Under this contract, total expenses recognized were \$163,856, with payments totaling \$159,938 made during the fiscal year. As of June 30, 2025, an amount of \$3,918 remained payable to this related party.

Note 14. Charter Management Fees

FirstLine records intracompany revenue and expense between the network and its charter schools for a charter management fee. This fee is associated with the management, staffing, and operation of the schools. The management fee is approximately 10% of revenues by school. Charter management fees charged to schools totaled \$5,064,541. Amounts were recorded to Purchased Professional and Technical Services and were eliminated on the consolidated financial statements as intracompany activity.

Note 15. Reissuance

Subsequent to the initial completion and filing of the audit on November 26, 2025, it was determined that adjustments were required to correct certain accounts related to the consolidation and intercompany close out of the Live Oak campus. The adjustments are the result of management's discovery of an error in a journal entry which occurred just prior to issuance. The effects of the impacted balances are noted below:

	As Previously Reported	Restatement	As Restated
Cash and Cash Equivalents	\$ 28,644,881	\$ (764,291)	\$ 27,880,590
Accounts Payable	564,918	507,696	1,072,614
Accrued Liabilities	1,410,014	2,434	1,412,448
Other Revenue	3,207,928	(1,274,419)	1,933,509
Net Assets	47,645,370	(1,274,419)	46,370,951

Note 16. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, November 26, 2025, and determined that no events occurred which require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

FIRSTLINE SCHOOLS, INC.
Consolidating Statement of Financial Position
For the Year Ended June 30, 2025

	FirstLine Schools, Inc.	Friends of FirstLine	Eliminations	Total
Assets				
Cash and Cash Equivalents	\$ 27,506,346	\$ 374,244	\$ -	\$ 27,880,590
Grants Receivable	2,985,595	-	-	2,985,595
Other Receivables	43,728	-	-	43,728
Investments	10,277,113	6,269,130	-	16,546,243
Due from Other Programs	17,430,906	-	(17,430,906)	-
Prepaid Expenses	416,264	-	-	416,264
Right-of-Use Asset	172,565	-	-	172,565
Property and Equipment, Net	1,015,699	-	-	1,015,699
Total Assets	\$ 59,848,216	\$ 6,643,374	\$ (17,430,906)	\$ 49,060,684
Liabilities and Net Assets				
Liabilities				
Accounts Payable	\$ 1,072,614	\$ -	\$ -	\$ 1,072,614
Accrued Liabilities	1,440,311	-	-	1,440,311
Due to Other Programs	17,430,906	-	(17,430,906)	-
Lease Liability	176,808	-	-	176,808
Total Liabilities	20,120,639	-	(17,430,906)	2,689,733
Net Assets				
Without Donor Restrictions	39,727,577	6,643,374	-	46,370,951
Total Net Assets	39,727,577	6,643,374	-	46,370,951
Total Liabilities and Net Assets	\$ 59,848,216	\$ 6,643,374	\$ (17,430,906)	\$ 49,060,684

See independent auditor's report.

FIRSTLINE SCHOOLS, INC.
Consolidating Statement of Activities
For the Year Ended June 30, 2025

	FirstLine Schools, Inc.	Friends of FirstLine	Eliminations	Total
Revenues				
Local Sources				
Minimum Foundation Program	\$ 25,652,943	\$ -	\$ -	\$ 25,652,943
Grants	300,224	-	-	300,224
Total Local Sources	25,953,167	-	-	25,953,167
State Sources				
Minimum Foundation Program	13,269,607	-	-	13,269,607
Grants	1,081,224	-	-	1,081,224
Total State Sources	14,350,831	-	-	14,350,831
Federal Sources				
Grants	9,821,850	-	-	9,821,850
Medicaid	905,565	-	-	905,565
Total Federal Sources	10,727,415	-	-	10,727,415
Other Revenue				
Other Revenue	1,933,509	6,500,000	(6,500,000)	1,933,509
Interest	1,448,624	107,224	-	1,555,848
Employee Retention Credit	2,264,243	-	-	2,264,243
Unrealized Gain (Loss) on Investments, Net	209,607	36,225	-	245,832
Charter Management Fees	5,064,541	-	(5,064,541)	-
Total Other Revenue	10,920,524	6,643,449	(11,564,541)	5,999,432
Total Revenue	61,951,937	6,643,449	(11,564,541)	57,030,845
Expenses				
Program Services				
Instructional	54,024,338	-	(6,500,000)	47,524,338
Supporting Services				
Management and General	11,093,849	75	(5,064,541)	6,029,383
Fundraising	285,064	-	-	285,064
Total Expenses	65,403,251	75	(11,564,541)	53,838,785
Change in Net Assets	(3,451,314)	6,643,374	-	3,192,060
Net Assets, Beginning of Year	43,178,891	-	-	43,178,891
Net Assets, End of Year	\$ 39,727,577	\$ 6,643,374	\$ -	\$ 46,370,951

See independent auditor's report.

FIRSTLINE SCHOOLS, INC.
Schedule of Financial Position by School
For the Year Ended June 30, 2025

	FirstLine Network Activity	Live Oak Charter School	Arthur Ashe Charter School	Samuel J. Green Charter School	Phillis Wheatley Charter School	Langston Hughes Academy Charter School	Eliminations	Total
Assets								
Cash and Cash Equivalents	\$ 14,199,754	\$ 79,122	\$ 4,443,334	\$ 1,159,249	\$ 4,271,671	\$ 3,353,216	\$ -	\$ 27,506,346
Grants Receivable	977,566	-	422,670	345,611	664,835	574,913	-	2,985,595
Other Receivables	43,728	-	-	-	-	-	-	43,728
Investments	10,277,113	-	-	-	-	-	-	10,277,113
Due from Other Programs	-	-	7,500,370	-	7,616,195	2,314,341	(17,430,906)	-
Prepaid Expenses	416,264	-	-	-	-	-	-	416,264
Right-of-Use Asset	172,565	-	-	-	-	-	-	172,565
Property and Equipment, Net	208,947	-	157,692	311,546	259,994	77,520	-	1,015,699
Total Assets	\$ 26,295,937	\$ 79,122	\$ 12,524,066	\$ 1,816,406	\$ 12,812,695	\$ 6,319,990	\$ (17,430,906)	\$ 42,417,310
Liabilities and Net Assets								
Liabilities								
Accounts Payable	\$ 479,374	\$ -	\$ 110,201	\$ 88,405	\$ 179,474	\$ 215,160	\$ -	\$ 1,072,614
Accrued Liabilities	(2,256,300)	-	1,002,899	652,019	968,940	1,072,753	-	1,440,311
Due to Other Programs	16,512,651	-	-	918,255	-	-	(17,430,906)	-
Deferred Revenue	(84,514)	-	-	-	-	84,514	-	-
Lease Liability	176,808	-	-	-	-	-	-	176,808
Total Liabilities	14,828,019	-	1,113,100	1,658,679	1,148,414	1,372,427	(17,430,906)	2,689,733
Net Assets								
Without Donor Restrictions	11,467,918	79,122	11,410,966	157,727	11,664,281	4,947,563	-	39,727,577
Total Net Assets	11,467,918	79,122	11,410,966	157,727	11,664,281	4,947,563	-	39,727,577
Total Liabilities and Net Assets	\$ 26,295,937	\$ 79,122	\$ 12,524,066	\$ 1,816,406	\$ 12,812,695	\$ 6,319,990	\$ (17,430,906)	\$ 42,417,310

See independent auditor's report.

FIRSTLINE SCHOOLS, INC.
Schedule of Activities by School
For the Year Ended June 30, 2025

	FirstLine Network Activity	Live Oak Charter School	Arthur Ashe Charter School	Samuel J. Green Charter School	Phillis Wheatley Charter School	Langston Hughes Academy Charter School	Eliminations	Total
Revenues								
Local Sources								
Minimum Foundation Program Grants	\$ -	\$ -	\$ 7,247,973	\$ 4,577,877	\$ 6,881,796	\$ 6,945,297	\$ -	\$ 25,652,943
	287,724	-	2,500	-	10,000	-	-	300,224
Total Local Sources	287,724	-	7,250,473	4,577,877	6,891,796	6,945,297	-	25,953,167
State Sources								
Minimum Foundation Program Grants	-	-	3,661,314	2,557,391	3,479,774	3,571,128	-	13,269,607
	10,977	-	210,380	182,331	316,635	360,901	-	1,081,224
Total State Sources	10,977	-	3,871,694	2,739,722	3,796,409	3,932,029	-	14,350,831
Federal Sources								
Grants	618,075	-	2,451,141	1,422,142	2,579,794	2,750,698	-	9,821,850
Medicaid	886,629	-	7,479	332	3,281	7,844	-	905,565
Total Federal Sources	1,504,704	-	2,458,620	1,422,474	2,583,075	2,758,542	-	10,727,415
Other Revenue								
Other Revenue	371,601	-	442,685	276,414	348,019	494,790	-	1,933,509
Interest	1,448,005	-	306	9	85	219	-	1,448,624
Employee Retention Credit	2,264,243	-	-	-	-	-	-	2,264,243
Unrealized Gain (Loss) on Investments, Net	213,594	-	-	(3,987)	-	-	-	209,607
Charter Management Fees	5,064,541	-	-	-	-	-	(5,064,541)	-
Total Other Revenue	9,361,984	-	442,991	272,436	348,104	495,009	(5,064,541)	5,855,983
Total Revenue	11,165,389	-	14,023,778	9,012,509	13,619,384	14,130,877	(5,064,541)	56,887,396
Expenses								
Program Services								
Instructional	9,810,410	-	11,337,758	8,473,728	10,613,572	13,788,870	-	54,024,338
Supporting Services								
Management and General	5,022,717	-	1,692,008	1,065,486	1,613,908	1,699,730	(5,064,541)	6,029,308
Fundraising	285,064	-	-	-	-	-	-	285,064
Total Expenses	15,118,191	-	13,029,766	9,539,214	12,227,480	15,488,600	(5,064,541)	60,338,710
Change in Net Assets	(3,952,802)	-	994,012	(526,705)	1,391,904	(1,357,723)	-	(3,451,314)
Net Assets, Beginning of Year	15,420,720	79,122	10,416,954	684,432	10,272,377	6,305,286	-	43,178,891
Net Assets, End of Year	\$ 11,467,918	\$ 79,122	\$ 11,410,966	\$ 157,727	\$ 11,664,281	\$ 4,947,563	\$ -	\$ 39,727,577

See independent auditor's report.

FIRSTLINE SCHOOLS, INC.
Schedule of Functional Expenses by School
For the Year Ended June 30, 2025

	FirstLine Network Activity			Live Oak Charter School		Arthur Ashe Charter School		Samuel J. Green Charter School	
	Instructional	Management and General	Fundraising	Instructional	Management and General	Instructional	Management and General	Instructional	Management and General
Salaries, Wages, and Benefits									
Salaries and Wages	\$ 1,923,800	\$ 1,816,277	\$ 196,583	\$ -	\$ -	\$ 5,782,907	\$ 47,293	\$ 4,183,448	\$ 5,192
Payroll Taxes and Benefits	468,797	399,839	42,643	-	-	1,303,229	20,511	947,164	1,710
Total Salaries, Wages, and Benefits	2,392,597	2,216,116	239,226	-	-	7,086,136	67,804	5,130,612	6,902
Transfers	6,500,000	-	-	-	-	-	-	-	-
Purchased Professional and Technical Services	425,736	1,989,510	8,120	-	-	1,061,021	1,447,281	1,017,415	930,900
Student Transportation Services	-	-	-	-	-	789,058	-	680,461	-
Food Service Management	208,100	18,743	-	-	-	679,403	-	418,703	-
Supplies	129,226	241,154	28,277	-	-	513,851	39,178	335,137	24,911
Repairs and Maintenance	27,101	-	-	-	-	459,924	-	388,368	-
Insurance	-	-	-	-	-	255,381	86,108	162,466	55,777
Other Purchased Services	102,460	361,952	5,565	-	-	52,119	9,773	37,157	8,417
Authorizer Fees	-	-	-	-	-	191,326	-	123,677	-
Electricity and Gas	10,182	-	-	-	-	121,764	-	83,921	-
Other Purchased Property Sources	8,646	114,658	-	-	-	53,794	-	34,638	-
Communications	195	52,642	-	-	-	64,024	-	56,857	-
Depreciation	-	10,113	-	-	-	-	32,328	-	37,993
Miscellaneous Expenses	6,167	17,829	3,876	-	-	9,957	9,536	4,316	586
Total	\$ 9,810,410	\$ 5,022,717	\$ 285,064	\$ -	\$ -	\$ 11,337,758	\$ 1,692,008	\$ 8,473,728	\$ 1,065,486

See independent auditor's report.

FIRSTLINE SCHOOLS, INC.
Schedule of Functional Expenses by School (Continued)
For the Year Ended June 30, 2025

	Phillis Wheatley Charter School		Langston Hughes Academy Charter School			Grand Total			Combined Total
	Instructional	Management and General	Instructional	Management and General	Eliminations	Instructional	Management and General	Fundraising	
Salaries, Wages, and Benefits									
Salaries and Wages	\$ 5,434,389	\$ 36,672	\$ 6,081,497	\$ 45,780	\$ -	\$ 23,406,041	\$ 1,951,214	\$ 196,583	\$ 25,553,838
Payroll Taxes and Benefits	1,245,488	9,819	1,415,264	7,361	-	5,379,942	439,240	42,643	5,861,825
Total Salaries, Wages, and Benefits	6,679,877	46,491	7,496,761	53,141	-	28,785,983	2,390,454	239,226	31,415,663
Transfers	-	-	1,625,730	-	-	8,125,730	-	-	8,125,730
Purchased Professional and Technical Services	805,995	1,394,381	1,053,528	1,470,652	(5,064,540)	4,363,695	2,168,184	8,120	6,539,999
Student Transportation Services	629,835	-	822,305	-	-	2,921,659	-	-	2,921,659
Food Service Management	771,698	-	706,295	-	-	2,784,199	18,743	-	2,802,942
Supplies	430,950	25,177	727,371	24,760	-	2,136,535	355,180	28,277	2,519,992
Repairs and Maintenance	494,668	-	536,853	-	-	1,906,914	-	-	1,906,914
Insurance	245,319	83,547	247,964	85,938	-	911,130	311,370	-	1,222,500
Other Purchased Services	92,226	19,972	100,400	12,457	-	384,362	412,571	5,565	802,498
Authorizer Fees	180,988	-	183,758	-	-	679,749	-	-	679,749
Electricity and Gas	152,591	-	161,072	-	-	529,530	-	-	529,530
Other Purchased Property Services	63,533	-	57,526	-	-	218,137	114,658	-	332,795
Communications	59,963	-	59,894	-	-	240,933	52,642	-	293,575
Depreciation	-	36,494	-	40,586	-	-	157,514	-	157,514
Miscellaneous Expenses	5,929	7,846	9,413	12,195	-	35,782	47,992	3,876	87,650
Total	\$ 10,613,572	\$ 1,613,908	\$ 13,788,870	\$ 1,699,729	\$ (5,064,540)	\$ 54,024,338	\$ 6,029,308	\$ 285,064	\$ 60,338,710

See independent auditor's report.

FIRSTLINE SCHOOLS, INC.
Schedule of Compensation, Benefits and Other
Payments to the Chief Executive Officer
For the Year Ended June 30, 2025

Chief Executive Officer Name
Sabrina Pence, CEO

Purpose	Amount
Salary	\$207,251
Bonus	\$15,642
Benefits - Retirement	\$24,003
Benefits - Insurance	\$11,975
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$8
Registration Fees	\$1,600
Conference Travel	\$2,729
Continuing Professional Education Fees	\$0
License Fees	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

FIRSTLINE SCHOOLS, INC.
Schedule of Board Members and Compensation
For the Year Ended June 30, 2025

Name	Compensation
David Barbier, Chair	\$0
Michale Hubbard, Vice Chair	\$0
Keith Crawford, Treasurer	\$0
Malana Mitchell, Secretary	\$0
Larry Kullman, Board Member Emeritus	\$0
Leah Brown	\$0
Desiree Keys	\$0
Patrick Kiernan	\$0
Kim Henry	\$0
Angela Morton	\$0
Rachelle Rhodes	\$0
Mark Stein	\$0
Kellie Turner	\$0
Charles West	\$0

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors
FirstLine Schools, Inc.
New Orleans, Louisiana

We have audited, 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, the consolidated financial statements of FirstLine Schools, Inc. (FirstLine) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 26, 2025, except for Note 15, as to which the date is March 4, 2026. The financial statements were restated for the correction of a misstatement as described in Note 15.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered FirstLine's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of FirstLine's internal control. Accordingly, we do not express an opinion on the effectiveness of FirstLine's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 over financial reporting 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 FirstLine's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 FirstLine's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FirstLine's internal control and compliance. Accordingly, this communication 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.



A Professional Accounting Corporation

Covington, LA
November 26, 2025
(except for Note 15, as to which
the date is March 4, 2026)

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors
FirstLine Schools, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited FirstLine Schools, Inc.'s (FirstLine) (a nonprofit organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of FirstLine's major federal programs for the year ended June 30, 2025. FirstLine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, FirstLine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
November 26, 2025

FIRSTLINE SCHOOLS, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass Through Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-Through: LA State Department of Education			
National School Breakfast and Lunch Program	10.553, 10.555	N/A	3,353,547
National School Breakfast and Lunch Program - Fresh Fruit and Vegetable Program	10.582	N/A	<u>34,962</u>
Total Child Nutrition Cluster			3,388,509
Child and Adult Care Food Program	10.558	N/A	216,725
Summer Food Service Program for Children	10.559	N/A	<u>42,665</u>
Total U.S. Department of Agriculture			<u>3,647,899</u>
United States Department of Education			
Passed through the Louisiana Department of Education			
Title I Grants to Local Education Agencies	84.010A	S010A240018	1,953,231
School Redesign 1003a	84.010A	S010A230018	<u>213,511</u>
Total Title I			2,166,742
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84.367A	S367A240017	181,968
Title III	84.365A	S365A240018	19,996
Title III, Immigrant	84.365A	S365A240018	<u>8,049</u>
Total Title III			28,045
Title IVA SSAE	84.424A	S424A240019	54,659
Stronger Connections Title IV	84.424F	S424F220019	<u>317,706</u>
Total Title IV			372,365
21st Century Community Learning Centers	84.287C	S287C240018	1,100,387
Special Education-Grants to States IDEA Part B	84.027A	H027A240033	767,479
Special Education-Grants to States IDEA Preschool	84.173A	H173A240082	10,574
High Cost Services- IDEA	84.027A	H027A240033	<u>135,836</u>
Total Special Education Cluster			913,889
Homeless ARP	84.425W	S425W210019	25,715
ESSER III Formula	84.425U	S425U210003	443,770
ESSER III EB Interventions	84.425U	S425U210003	10,063
ESSER III Incentive	84.425U	S425U210003	<u>475,766</u>
Total ESSER			955,314
Total from Louisiana Department of Education			5,718,710
Passed-Through New Schools for New Orleans			
Teacher and School Leader Incentive Program	84.374	N/A	<u>449,963</u>
Total U.S. Department of Education			6,168,673
United States Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially-Declared Disasters)	97.036	N/A	<u>5,278</u>
Total U.S. Department of Homeland Security			<u>5,278</u>
Total Federal Awards			<u>\$ 9,821,850</u>

See independent auditors' report on supplementary information.

FIRSTLINE SCHOOLS, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of FirstLine under programs of the federal government for the year ended June 30, 2025 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of, the basic consolidated financial statements.

Note 2. Indirect Cost Rate

FirstLine did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2025.

FirstLine utilized indirect cost rates approved by the LDOE under various grant agreements ranging from 4.4% to 5.0%.

FIRSTLINE SCHOOLS, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I. Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None reported |
| c. Noncompliance material to the financial statements noted? | No |
| 3. Management letter comment provided? | None |

Federal Awards

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 5. Type of auditor's report issued on compliance for major programs | Unmodified |
| 6. Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major programs: | |
| Child Nutrition Cluster (10.553/10.555/10.582) | |
| 21 st Century (ALN No. 84.287C) | |
| 8. Dollar threshold used to distinguish between Type A and B programs | \$750,000 |
| 9. Auditee qualified as a low-risk auditee under the Uniform Guidance? | Yes |

Section II. Internal Control Over Financial Reporting

None.

Section III. Findings and Questioned Costs Related to Major Federal Award Programs

None.

FIRSTLINE SCHOOLS, INC.
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2025

Section II. Internal Control Over Financial Reporting

None.

Section III. Findings and Questioned Costs Related to Major Federal Award Programs

None.

FIRSTLINE SCHOOLS, INC.
NEW ORLEANS, LOUISIANA

Agreed-Upon Procedures
R.S. 24:514 - Performance and Statistical Data

June 30, 2025



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
FirstLine Schools, Inc.
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of the FirstLine Schools, Inc. (the Organization) for the fiscal year ended June 30, 2025; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the Organization is responsible for its performance and statistical data.

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

The procedures and associated findings are as follows:

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

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

Findings: None.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1st roll books for those classes and observed that the class was properly classified on the schedule.

Findings: None.

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

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

Findings: For one individual selected, the education level reported on the PEP data did not agree to the information provided in the individual's personnel files.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Findings: For six individuals selected, the total compensation reported on the PEP data did not agree to the information provided in the individual's personnel files.

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

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Organization, 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.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA
October 27, 2025

**FIRSTLINE SCHOOLS, INC.
NEW ORLEANS, LOUISIANA
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2025**

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 - 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.

**FIRSTLINE SCHOOLS, INC.
NEW ORLEANS, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2025**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures

Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 11,666,953
Other Instructional Staff Salaries	5,065,526
Instructional Staff Employee Benefits	3,789,400
Purchased Professional and Technical Services	1,935,571
Instructional Materials and Supplies	980,640
Instructional Equipment	-

Total Teacher and Student Interaction Activities \$ 23,438,090

Other Instructional Activities 160,074

Pupil Support Services	2,916,010
Less: Equipment for Pupil Support Services	-

Net Pupil Support Services 2,916,010

Instructional Staff Services	3,252,025
Less: Equipment for Instructional Staff Services	-

Net Instructional Staff Services 3,252,025

School Administration	5,700,655
Less: Equipment for School Administration	-

Net School Administration 5,700,655

Total General Fund Instructional Expenditures \$ 35,466,854

Total General Fund Equipment Expenditures \$ -

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 \$ -

Local Earnings on Investment in Real Property

Earnings from 16 th Section Property	\$ -
Earnings from Other Real Property	-

Total Local Earnings on Investment in Real Property \$ -

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 \$ -

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

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

**FIRSTLINE SCHOOLS, INC.
NEW ORLEANS, LOUISIANA
Class Size Characteristics
As of October 1, 2024**

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	29%	190	14%	92	53%	351	5%	32
Elementary Activity Classes	30%	32	15%	16	49%	51	6%	6

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

AGREED-UPON PROCEDURES REPORT

FirstLine Schools, Inc.

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of July 1, 2024 - June 30, 2025

To FirstLine Schools, Inc.
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the FirstLine Schools, Inc.'s (the Organization) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2024 through June 30, 2025. The Organization's management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Bank Reconciliations*

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

- ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted.

* * * * *

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on 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.

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

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



A Professional Accounting Corporation

Covington, LA
October 27, 2025