



Northshore Charter Schools, Inc.

FINANCIAL STATEMENTS

June 30, 2025



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REPORT





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northshore Charter Schools, Inc.
Bogalusa, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northshore Charter Schools, Inc. (a nonprofit corporation) (the School) (d/b/a Northshore Charter School), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the School'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 generally accepted auditing standards 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 generally accepted auditing standards 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 the School'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 the School'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 Schedule of Compensation, Benefits and Other Payments to the Agency Head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the effectiveness of the School's 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 the School's internal control over financial reporting and compliance.

Cary Riggs & Ingram, L.L.C.

Metairie, Louisiana
December 26, 2025



FINANCIAL STATEMENTS



Northshore Charter Schools, Inc.
Statement of Financial Position

June 30,

2025

Assets

Current assets

Cash and cash equivalents	\$	589,033
Grants and other receivables		597,002
Prepaid expenses		2,967
Inventory		24,024
Short-term investments		800,000

Total current assets 2,013,026

Non-current assets

Deposits		27,523
Operating lease right-of-use assets, net		6,597
Property and equipment, net		868,572

Total non-current assets 902,692

Total assets \$ 2,915,718

Liabilities and Net Assets

Current liabilities

Accounts payable and other accrued expenses	\$	120,911
Employee benefits payable		123,808
Accrued payroll expenses		180,087
IRS payable (Note 13)		678,727
Current portion of operating lease liabilities		6,694

Total current liabilities 1,110,227

Long-term liabilities

Operating lease liabilities, less current portion		-
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Total liabilities 1,110,227

Net assets

Without donor restrictions		1,801,144
With donor restrictions		4,347

Total net assets 1,805,491

Total liabilities and net assets \$ 2,915,718

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

Northshore Charter Schools, Inc.
Statement of Activities

For the year ended June 30,

2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
MFP state and local	\$ 5,828,809	\$ -	\$ 5,828,809
Revenue from State sources	72,554	-	72,554
Revenue from Federal sources	817,046	-	817,046
Student activity income	45,320	-	45,320
Interest	40,055	-	40,055
Miscellaneous	148,703	-	148,703
Net assets released from restrictions	442	(442)	-
Total revenue and other support	6,952,929	(442)	6,952,487
Expenses			
Program services:			
Instructional	6,074,680	-	6,074,680
Support services:			
Management and general support	690,850	-	690,850
Total expenses	6,765,530	-	6,765,530
Change in net assets	187,399	(442)	186,957
Net assets at beginning of year	1,613,745	4,789	1,618,534
Net assets at end of year	\$ 1,801,144	\$ 4,347	\$ 1,805,491

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

Northshore Charter Schools, Inc.
Statement of Functional Expenses

<i>For the year ended June 30,</i>	<u>Program Services</u>	<u>Supporting Services</u>	2025 Total
	Instructional	Management and general	
Salaries and benefits	\$ 4,382,901	\$ 264,855	\$ 4,647,756
Purchased professional services	58,449	203,116	261,565
Materials and supplies	66,962	3,948	70,910
Food service management	443,703	-	443,703
Depreciation	154,153	24,008	178,161
Student activity expenses	54,328	-	54,328
Communications	5,153	803	5,956
Dues and fees	5,542	561	6,103
Repairs and maintenance	51,456	8,014	59,470
Advertising	-	7,983	7,983
Insurance	27,046	145,673	172,719
Textbooks and workbooks	87,654	-	87,654
Leased buildings and equipment	334,329	20,203	354,532
Utility services	75,034	11,686	86,720
Administration fees	327,970	-	327,970
Total	\$ 6,074,680	\$ 690,850	\$ 6,765,530

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

Northshore Charter Schools, Inc.
Statement of Cash Flows

<i>For the year ended June 30,</i>	2025
Operating activities	
Change in net assets	\$ 186,957
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	178,161
Amortization of right-of-use assets	339,839
Changes in operating assets and liabilities:	
Grants and other receivables	(2,908)
Prepaid expenses	45,604
Inventory	(14,449)
Accounts payable and other accrued expenses	(41,512)
Employee benefits payable	(20,318)
Accrued payroll expenses	(13,065)
IRS payable	(127,927)
Operating lease liabilities	(410,815)
Net cash provided by (used in) operating activities	119,567
Investing activities	
Purchases of equipment	(298,286)
Net cash provided by (used in) investing activities	(298,286)
Net change in cash and cash equivalents	(178,719)
Cash and cash equivalents at beginning of year	767,752
Cash and cash equivalents at end of year	\$ 589,033

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

Northshore Charter Schools, Inc. Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Northshore Charter Schools, Inc. (the School) (a nonprofit organization) (d/b/a Northshore Charter School) was organized as a non-profit corporation under the laws of the State of Louisiana on June 11, 2012. On July 1, 2013, the School was granted a five-year charter by the Louisiana Board of Elementary and Secondary Education to operate a Type 2 charter school. As of July 1, 2017, the School converted to a Type 1 charter school. The current charter was for three (3) years effective July 1, 2022 and ending June 30, 2025. Under this charter, BCSB is responsible for the direct oversight of the School. Due to this oversight and the School's fiscal reliance on the BCSB, the School is considered a component unit of the BCSB. Annually, BCSB issues financial statements which includes the activity contained in the accompanying financial statements.

Effective July 1, 2025, the School was issued a Type 2 charter through June 30, 2029 and became its own local educational agency (LEA).

The School's program services consist of the following:

Instructional – The School provides educational services to eligible students in kindergarten through the eighth grade.

The School has a Board of Directors serving on a voluntary basis which governs the School's finances, operations, and administration.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allocation of functional expenses, useful lives of assets, fair value measurements, and lease amortization.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Grants and Other Receivables

Accounts receivable represent amounts owed to the School which are expected to be collected within twelve months and are presented in the statement of financial position.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Short-term Investments

As of June 30, 2025, the School maintained funds in certificates of deposits (CDs) as a way to earn interest on its cash. The School classifies its certificates of deposit as cash and cash equivalents or short-term investments and reassesses the appropriateness of the classification of its investments at the end of each reporting period. Certificates of deposit held for investment with an original maturity greater than three months but less than twelve months are reported as short-term investments on the statement of financial position.

As of June 30, 2025, the School had \$800,000 in certificates of deposit with maturities of 11 months, earning 5% interest, paid monthly. The certificates of deposit automatically renew at maturity unless withdrawn by School management.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the lesser of management's estimated useful life of a capitalized asset or the term of the lease, if the capitalized asset would stay with the building if the School vacated.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Assets acquired with Louisiana Department of Education funds are owned by the School while used in the purpose for which they were purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in revenues or expenses.

Leases

The School leases a building and property, modular buildings, and office equipment. The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the School uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Impairment of Long-Lived Assets

The School reviews long-lived assets, consisting of leasehold improvements, furniture, fixtures, and equipment, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. The School determines recoverability of assets by comparing the carrying value of the asset to the net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded during the year ended June 30, 2025.

Net Assets

The School reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the School, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund (the State) and the Bogalusa City School Board (BCSB). For the year ended June 30, 2025, the School received \$5,828,809 from the State and BCSB in MFP funding.

MFP funding, federal grants, and state grants are paid to the School by the BCSB, which is responsible for monitoring the School's use of the funds and undergoing the necessary oversight by granting agencies for the expended funds.

A significant portion of the School's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special event and fundraising income are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied, or when performance obligations are met. There was no special event or fundraising income during the year ended June 30, 2025.

Compensated Absences

Employees earn 10 days paid leave per year to be used in the event of their own illness, an immediate family member's illness, bereavement, visits to required medical practitioners, or personal business. The School has a 'use it or lose it' policy. The School had no accrued compensated absences payable as of June 30, 2025.

Functional Allocation of Expenses

Any costs related to program administration is functionally classified as supporting service expenses. Any costs related to activities that constitute direct conduct or direct supervision of program service are program expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of the School.

The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Salaries are allocated on the basis of estimates of time and effort and other natural costs are allocated on the basis of management identification based on observation and professional evaluation of the direct benefit of the cost to a particular program function or supporting function.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the School is exempt from taxes on income other than unrelated business income. The School has no unrelated business income for the year ended June 30, 2025.

The School utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2025, the School has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Northshore Charter Schools, Inc.
Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 26, 2025. See Note 1 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The School maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the School's expenditures come due. The following reflects the School's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

The School has a goal to maintain available financial assets, consisting of cash on hand, to meet its next 30 days of operating expenses of approximately \$560,000.

<i>June 30,</i>	2025
Total assets at year-end	\$ 2,915,718
Less non-financial assets	
Prepaid expenses	(2,967)
Inventory	(24,024)
Deposits	(27,523)
Operating lease right-of-use assets, net	(6,597)
Property and equipment, net	(868,572)
Financial assets at year-end	1,986,035
Less those not available for general expenditure within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(4,347)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,981,688

Northshore Charter Schools, Inc.
Notes to Financial Statements

Note 4: GRANTS AND OTHER RECEIVABLES

Grants and other receivables are deemed fully collectible by management and were comprised of the following as of June 30, 2025:

<i>June 30,</i>	2025
<hr/>	
Grants receivable	
Title I/ESSER II/ESSER III/CLSD	\$ 44,070
Special Education - IDEA Pt B	61,182
High Cost Tutoring	44,283
Total grants receivable	<u>149,535</u>
Other receivables	
MFP	447,467
Total grants and other receivables	<u>\$ 597,002</u>

Note 5: PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2025:

	Estimated Useful Lives (in years)		2025
<hr/>			
Depreciable assets			
Furniture, fixtures, and equipment	5-15 years	\$	443,810
Vehicles	5-15 years		484,534
Leasehold improvements	5-15 years		642,804
Total property and equipment			<u>1,571,148</u>
Less: accumulated depreciation			<u>(948,894)</u>
Net depreciable assets			622,254
Non-depreciable assets			
Land			238,318
Construction in progress			8,000
Total non-depreciable assets			<u>246,318</u>
Total property and equipment, net		\$	<u>868,572</u>

Depreciation expense was \$178,161 for the year ended June 30, 2025.

Northshore Charter Schools, Inc.
Notes to Financial Statements

Note 6: LEASES

Effective May 1, 2013, the School entered into an agreement with the City of Bogalusa (Lessor), which allows the School to operate a type 2 charter school and use the facilities and its contents located at 111 Walker Street, Bogalusa, LA 70427.

The original lease agreement expired as of July 31, 2023. As of November 12, 2024, the School was leasing the facilities on a month-to-month basis using the original monthly rate of \$1,500, as the original lease had not been extended as the School and City of Bogalusa were still negotiating.

On November 12, 2024, the lease agreement was renewed with a retroactive effective date of August 1, 2023. The lease term is for two (2) years, expiring July 31, 2025. Monthly rent is \$6,500 through July 31, 2024. On August 1, 2024, the monthly rent is increased to \$6,695 until the expiration date. The School paid \$70,000 in back rent during the year to true-up any payments owed and due from August 1, 2023 to the signed date of the lease.

The School had operating leases for modular buildings. The leases expired as of June 30, 2025. Monthly rent totaled \$22,389 through June 2025.

The weighted average remaining lease term and weighted average discount rate at June 30, 2025, was 1 month and 4.92%, respectively. Lease expense related to the leases was \$354,532 for the year ended June 30, 2025.

Future minimum lease payments under non-cancellable operating leases as of June 30, 2025 were as follows:

<i>For the year ending June 30,</i>	2025
2026	\$ 6,695
Total future minimum lease payments	6,695
Less: Imputed interest	(1)
Present value of lease liabilities	\$ 6,694

Note 7: NET ASSETS

As of June 30, 2025, there were net assets without donor restrictions of \$1,801,144, which are all undesignated. As of June 30, 2025, there were net assets with donor restrictions of \$4,347 for the purpose of student activities.

For the year ended June 30, 2025, the School released net assets with donor restrictions totaling \$442 as the purpose restriction was met.

Note 8: SHARED SERVICES AGREEMENT

Effective July 1, 2022, the School entered into a contract for BCSB to provide the following services to the School:

- Anzio Software: annual software license for financial management and accounting software and includes software maintenance and technical support - \$8,500 annually (25% of the total cost to BCSB)
- EdGear JCampus Software: annual software license for student records management and includes annual software maintenance and technical support - \$13,750 annually (25% of the total cost to BCSB)
- Title I Crate Software: annual software license for grant management and includes annual maintenance and technical support - \$1,350 annually
- Special Education, Pupil Appraisal, and Related Services: provision of services and administrative support - \$214,911 annually

Note 9: CONTINGENCIES

The continuation of the School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with Bogalusa City School Board. If the State of Louisiana legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

The School is the recipient of grant funds from various federal, state and local agencies. The grants are governed by various guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of the School and are subject to audit and/or review by the applicable funding sources. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

The School receives the majority of its operating revenue from the State of Louisiana's minimum foundation program (MFP), which is passed through Bogalusa City School Board. MFP funding is based upon student count and is dependent upon appropriations from the Louisiana Legislature.

Note 10: SIGNIFICANT CONCENTRATIONS

The School maintains cash and certificates of deposit with a financial institutions at June 30, 2025 in excess of federally insured limits of \$1,139,032.

Note 10: SIGNIFICANT CONCENTRATIONS (Continued)

For the year ended June 30, 2025, the School received approximately 85% of its total revenue from state and local public school funds and approximately 12% of its total revenue from federal programs.

For the year ended June 30, 2025, the School's grant receivables from federal sources accounted for 25% of total grant and receivables from state and local public school funds account for 75% of total grant and other receivables.

Note 11: RETIREMENT PLANS

Substantially all employees of the School are members of the Teachers' Retirement System of Louisiana (the TRSL) or the Louisiana School Employees' Retirement System (the LSERS). These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to these plans follows:

Teachers' Retirement System of Louisiana

The Teachers' Retirement System of Louisiana (the TRSL) is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The TRSL provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute 8.00% of their annual covered payroll to the TRSL. The School is required to contribute at an actuarially determined rate. For the year ended June 30, 2025, the rate of annual eligible covered payroll was 21.51%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. For the year ended June 30, 2025, the School's contributions to TRSL were \$651,026. As of June 30, 2025, the School had a payable due to TRSL totaling \$65,383.

Note 11: RETIREMENT PLANS (Continued)

Louisiana School Employees' Retirement System

The State of Louisiana School Employees' Retirement System (the LSERS) was established and provided for by Louisiana R.S. 11:1001 as a cost-sharing, multiple employer defined benefit pension plan under section 401(a) of the Internal Revenue Code. The LSERS provides retirement benefits as well as disability and survivor benefits to all eligible school bus operators, school janitors, school custodians, school maintenance employees, and school bus aides. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. The report may be obtained by writing to the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804.

Participants vest immediately in employee contributions to the plan. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. Plan members are required to contribute 8.00% of their annual covered salary. For the year ended June 30, 2025, employers contributed 25.8% of annual eligible covered payroll. Member and employer contributions for the LSERS are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. For the year ended June 30, 2025, the School's contributions to LSERS were \$55,936. The School had no payable due to LSERS as of June 30, 2025.

Note 12: RELATED PARTIES

As described in Note 1, under the School's current charter, BCSB is responsible for the direct oversight of the School. As such, BCSB withholds a percentage of the School's MFP funds for administrative overhead costs incurred by the BCSS for considering the charter application and any amendment thereto, providing monitoring and oversight of the school, collecting and analyzing data of the school, and for reporting on school performance. These administrative fees are paid in addition to the shared services fees described in Note 8. For the year ended June 30, 2025, total fees paid by the School to BCSB were \$327,976.

Note 13: IRS ASSESSED PENALTIES AND INTEREST

During the 2020 fiscal year, the School received several notices from the Internal Revenue Service (IRS) indicating the School owed the IRS a total of \$666,169 for civil penalties and interest related to the calendar years 2014, 2015, 2016, and 2017. According to the IRS, the civil penalties and interest were levied against the School for late payments of payroll tax deposits due to the United States Treasury; late submissions of IRS Form 941 to the Internal Revenue Service; and failure to submit Form W2s to the Social Security Administration. The School continued to accrue interest and penalties on the balance from 2021 through 2024 and made no payments toward the balance.

Northshore Charter Schools, Inc.
Notes to Financial Statements

Note 13: IRS ASSESSED PENALTIES AND INTEREST (Continued)

For the year ended June 30, 2025, the School made no payments toward this balance and incurred no interest on the outstanding balance. During the year ended June 30, 2025, the IRS abated \$127,927 of the total balance. The taxes payable, penalties and interest remaining as of June 30, 2025 was \$678,727. The amount abated was recorded as operating income in miscellaneous income in the statement of activities as the original amounts owed were recorded as operating expenses.

Management is currently working with tax advisors to dispute the assessment of such penalties and interest and attempt to alleviate the School of such amounts. Due to the uncertainty of whether or not the penalties and interest will be removed or reduced, the School must report a liability on the statement of financial position and the related expense as tax penalties and interest under general administrative expenses on the statement of activities and statement of functional expenses. Financials will be revised in the upcoming fiscal year to reflect any respite from the penalties and interest cited.

Northshore Charter Schools, Inc.
Schedule of Compensation, Benefits and Other Payments to Agency Head

For the year ended June 30,

2025

Agency Head Name: Dee Dee McCullough, Principal/CEO

PURPOSE	AMOUNT
Salary	\$ 127,600
Bonuses	-
Stipends	2,000
Benefits-insurance	14,593
Benefits-retirement	27,877
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
Total	\$ 172,070



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

To the Board of Directors of
Northshore Charter Schools, Inc.
Bogalusa, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northshore Charter Schools, Inc. (a nonprofit organization) (the School) (d/b/a Northshore Charter School), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’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 School’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's 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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of finding and questioned costs as item 2025-001.

The School's Responses to Findings

The School's responses to the findings identified in our audit are described in the accompanying corrective action plan. The School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

Metairie, Louisiana
December 26, 2025

Northshore Charter Schools, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

1.	Type of auditor’s report issued	Unmodified
2.	Internal control over financial reporting:	
a.	Material weaknesses identified?	No
b.	Significant deficiencies identified not considered to be material weaknesses?	None noted
c.	Noncompliance material to the financial statements noted?	No

Section II – Financial Statements Findings

Finding 2025-001

Noncompliance – STUDENT ELIGIBILITY

Criteria: The School should review and maintain student file documentation prior to acceptance each year to determine that the student exists and is a resident within the City of Bogalusa school district and, thus, eligible to attend the School as required by the charter agreement.

Condition: Although the student address remained within the City of Bogalusa school district, 4 of 25 students tested changed their address after initial enrollment. The School did not obtain proof of residency documentation to ensure that the students’ change of address was appropriate.

Cause: The School did not implement appropriate controls to ensure documentation of eligibility was maintained.

Effect: Local Minimum Foundation Program revenue could be collected for students that do not reside within the City of Bogalusa school district.

Recommendation: We recommend that the School revise and implement controls to maintain documentation of student existence and eligibility.

Management Response: See corrective action plan on page 25.

Section III – Management Letter

No management letter was issued.

Section IV – Summary Schedule of Prior Audit Findings

No findings noted.



111 Walker Street Bogalusa, Louisiana 70427 (P)985 732-0005 (F)985 732-0580

12/29/2025

RE: Corrective Action Plan

Northshore Charter School respectfully submits the following corrective action plan for the year ended June 30, 2025.

MANAGEMENT'S RESPONSE TO FINDINGS

Finding 2025-001 – Noncompliance – STUDENT ELIGIBILITY

Status: In progress.

Planned Corrective Action: Management will review current policies and procedures for review and maintenance of student files and make changes as necessary to ensure all student files are complete.

Person(s) Responsible: Alicia D. Rhoades, Data Coordinator

Estimated Completion Date: March 1, 2026

Sincerely,

Dee Dee McCullough

Dee Dee McCullough, Principal/CEO



Northshore Charter School

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2025



CARR, RIGGS & INGRAM, L.L.C.

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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Northshore Charter School and the
Louisiana Legislative Auditor
New Orleans, Louisiana

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

The School 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, 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 results 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:

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

- 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);

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

- ii. Bank reconciliations include written 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

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

- 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 were found as a result of applying the above procedure.

2) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

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

- i. Employees responsible for cash collections do not share cash drawers/registers;

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

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

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

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

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

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

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

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

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

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #1A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

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

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

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

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

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

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

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

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

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

We were engaged by the School 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 School 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.

Cary Riggs & Ingram, L.L.C.

Metairie, Louisiana
December 26, 2025