FIRSTLINE SCHOOLS, INC.

Annual Consolidated Financial Statements

June 30, 2024

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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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, 2024, 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, 2024, 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.

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 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 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 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 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 is 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 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024, 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.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 30, 2024

FIRSTLINE SCHOOLS, INC.
Consolidated Statement of Financial Position
June 30, 2024

Assets	
Cash and Cash Equivalents	$ 24,208,684
Grants Receivable	4,449,061
Other Receivables	219,514
Investments	19,188,998
Prepaid Expenses	90,380
Right-of-Use Asset	230,677
Property and Equipment, Net	1,828,629
Total Assets	$ 50,215,943
Liabilities and Net Assets	
Liabilities	
Accounts Payable	$ 5,004,587
Accrued Liabilities	1,664,939
Deferred Revenue	133,017
Lease Liability	234,511
Total Liabilities	7,037,054
Net Assets	
Without Donor Restrictions	43,178,889
Total Liabilities and Net Assets	$ 50,215,943

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Local Sources			
Minimum Foundation Program	$ 22,977,811	$ -	$ 22,977,811
Grants	297,714	-	297,714
Total Local Sources	23,275,525	-	23,275,525
State Sources			
Minimum Foundation Program	15,569,489	-	15,569,489
Grants	734,218	-	734,218
Total State Sources	16,303,707	-	16,303,707
Federal Sources			
Grants	14,909,137	-	14,909,137
Medicaid	554,311	-	554,311
Total Federal Sources	15,463,448	-	15,463,448
Other Revenue			
Other Revenue	826,861	-	826,861
Interest	74,211	-	74,211
Unrealized Gains on Investments, Net	1,330,133	-	1,330,133
Total Other Revenue	2,231,205	-	2,231,205
Total Revenue	57,273,885	-	57,273,885
Expenses			
Program Services			
Instructional	45,669,777	-	45,669,777
Supporting Services			
Management and General	5,265,903	-	5,265,903
Fundraising	284,964	-	284,964
Total Expenses	51,220,644	-	51,220,644
Change in Net Assets	6,053,241	-	6,053,241
Net Assets, Beginning of Year	37,233,543	-	37,233,543
Prior Period Adjustment	(107,895)	-	(107,895)
Net Assets, Beginning of Year, As Restated	37,125,648	-	37,125,648
Net Assets, End of Year	$ 43,178,889	$ -	$ 43,178,889

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, 2024

	Program Services	Supporting Services		
	Instructional	**Management and General**	**Fundraising**	**Total**
Salaries, Wages, and Benefits				
Salaries and Wages	$ 22,017,990	$ 2,119,425	$ 187,893	$ 24,325,308
Payroll Taxes and Benefits	4,729,387	525,184	49,002	5,303,573
Total Salaries, Wages, and Benefits	26,747,377	2,644,609	236,895	29,628,881
Purchased Professional and Technical Services	4,519,186	1,642,126	5,629	6,166,941
Student Transportation Services	3,380,645	-	-	3,380,645
Supplies	2,539,351	296,204	33,445	2,869,000
Food Service Management	2,676,238	-	-	2,676,238
Repairs and Maintenance	2,039,785	(44,088)	-	1,995,697
Insurance	1,314,230	132,570	-	1,446,800
Other Purchased Services	496,244	288,638	4,659	789,541
Authorizer Fees	730,713	11,796	-	742,509
Electricity and Gas	494,714	-	-	494,714
Other Purchased Property Services	359,296	42,108	1,920	403,324
Communications	324,339	3,720	-	328,059
Miscellaneous Expenses	47,659	175,842	2,416	225,917
Depreciation	-	72,378	-	72,378
Total	$ 45,669,777	$ 5,265,903	$ 284,964	$ 51,220,644

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, 2024

Cash Flows from Operating Activities	
Change in Net Assets	$ 6,053,241
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation Expense	72,378
Amortization of Right-of-Use Asset	55,899
Unrealized Gain on Investments	(1,330,133)
(Increase) Decrease in:	
Prepaid Expenses	(61,408)
Grants Receivable	3,330,491
Other Receivables	(151,970)
Increase (Decrease) in:	
Accounts Payable	4,531,231
Accrued Liabilities	479,210
Deferred Revenue	88,929
Lease Liability	(52,957)
Net Cash Provided by Operating Activities	13,014,911
Cash Flows from Investing Activities	
Purchases of Investments	(55,959,396)
Cash Receipts on Matured Investments	50,124,000
Purchases of Property and Equipment	(1,408,694)
Net Cash Used in Investing Activities	(7,244,090)
Net Increase in Cash and Cash Equivalents	5,770,821
Cash and Cash Equivalents, Beginning of Year	18,437,863
Cash and Cash Equivalents, End of Year	$ 24,208,684

The accompanying notes are an integral part of these 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 2023-2024 school year, Green, Ashe, Wheatley, and Hughes served the following number of students, as updated for the February 1st, 2024 student count:

Green	533
Ashe	765
Wheatley	768
Hughes	747
Total	2,813

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.

Friends had no activity during the year ended June 30, 2024.

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

Basis of Accounting

FirstLine's 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 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 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 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 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, 2024:

Louisiana Asset Management Pool (LAMP) - 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.

U.S. Treasury Securities - Valued using quoted market prices obtained from active market makers and inter-dealer brokers and, accordingly, are categorized in Level 1 in the fair value hierarchy.

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

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 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 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 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 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 accounting principles generally accepted in the United States of America (U.S. GAAP), which require 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, 2024, 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, 2024.

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 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 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, 2024, FirstLine provided paid vacation for twelve-month, full-time employees. Vacation leave for these employees ranges from three (3) to five (5) 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, 2024, the total accrued liability for compensated absences was $0 as all unused vacation leave expired on June 30, 2024.

Paid Leave

During the year ended June 30, 2024, all employees received eight (8) days of sick leave and two (2) days of personal leave each year. Unused paid leave expires on June 30th of each fiscal year and is not compensable.

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

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 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.

Recent Accounting Pronouncements - Adopted

As of July 1, 2023, FirstLine adopted Accounting Standards Update (ASU) 2016-13, *Measurement of Credit Losses on Financial Instruments*, and all subsequently issued related amendments, which changed the methodology used to recognize impairment of the FirstLine's receivables. Under this ASU, financial assets are presented at the net amount expected to be collected, requiring immediate recognition of estimated credit losses expected to occur over the asset's remaining life. This is in contrast to previous U.S. GAAP, under which credit losses were not recognized until it was probable that a loss had been incurred. FirstLine performed its expected credit loss calculation based on historical receivable write-offs, including consideration of then-existing economic conditions and expected future conditions. The adoption of ASC 2016-13 did not result in a significant impact for FirstLine.

Reclassifications

Certain amounts have been reclassified in the June 30, 2024 financial statements to conform their presentation to that used in the June 30, 2023 financial statements.

Note 2. Property and Equipment

The following is a summary of property and equipment at June 30, 2024:

Land	$ 181,485
Leasehold Improvements	2,103,164
Construction in Progress	1,192,203
Machinery and Equipment	220,107
Total Property and Equipment	3,696,959
Less: Accumulated Depreciation	(1,868,330)
Net Property and Equipment	**$ 1,828,629**

For the year ended June 30, 2024, depreciation expense totaled $72,378.

Note 3. Investments

Investments are stated at fair value and are summarized as follows as of June 30, 2024:

	Cost	Fair Value	Carrying Value	Fair Value Level
Louisiana Asset Management Pool (LAMP)	$ 4,092,867	$ 4,092,867	$ 4,092,867	2
U.S. Treasury Securities	14,874,719	15,096,131	15,096,131	1
Total	$ 18,967,586	$ 19,188,998	$ 19,188,998	

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.

Note 5. Concentration of Credit Risk (Continued)

Cash deposits totaled approximately $24.5 million as of June 30, 2024, of which approximately $13.5 million were uninsured and subject to custodial credit risk. Of the $13.5 million in uninsured deposits, approximately $5 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.

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.

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, 2024, grants receivable consisted of the following sources:

Federal	$ 3,983,803
State	408,234
Local	57,024
Total	$ 4,449,061

Note 9. Availability and Liquidity

At June 30, 2024, FirstLine has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of the following:

Cash and Cash Equivalents	$ 24,208,684
Grants Receivable	4,449,061
Other Receivables	219,514
Investments	19,188,998
Total	$ 48,066,257

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, 2024.

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, 2024, FirstLine received 67% of its revenues from the LDOE and the OPSB, subject to the MFP calculation and its charter school contracts with the OPSB and 27% 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 $101,286 for the year ended June 30, 2024 and are included in rent expense in the consolidated statement of functional expenses.

Note 12. Operating Lease (Continued)

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability as of June 30, 2024:

Year Ending June 30,	Amount
2025	$ 65,823
2026	67,776
2027	67,776
2028	50,832
Total Lease Payments	252,207
Less: Present Value Discount	(17,696)
Total Lease Liability	$ 234,511

The remaining lease term (in months) and discount rates for the above-mentioned lease were as follows for the year ended June 30, 2024:

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 $144,416, with payments totaling $120,510 made during the fiscal year. As of June 30, 2024, an amount of $23,906 remained payable to this related party.

During the year ended June 30, 2024, there was no reported activity between FirstLine and Friends.

Note 14. Prior Period Adjustment

Prior period adjustments have been made to net assets without donor restrictions to record the cumulative effect of an error related to incorrect capitalization and depreciation of property and equipment. The net prior period adjustment totaled $107,895 and resulted in a decrease in net assets as of July 1, 2023.

Related to the aforementioned adjustment, an intracompany prior period adjustment to net assets was recorded between FirstLine and Green totaling $578,135. This transfer of net assets between programs had no impact on the opening balance of net assets.

Note 15. 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 $5,318,370. Amounts were recorded to Purchased Professional and Technical Services and were eliminated on the financial statements as intracompany activity.

Note 16. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 30, 2024, and determined that the following events occurred that require disclosure:

During September 2024, the FirstLine board approved a resolution to dispose of and donate certain leasehold improvements, recorded as construction in progress as of June 30, 2024, to the OPSB. This donation is pending acceptance and ratification by OPSB.

During October 2024, FirstLine executed a cooperative endeavor agreement with Friends, a related party.

During August 2024, the board of FirstLine approved a transfer of $6,500,000 to Friends, pending approval of the cooperative endeavor agreement noted above. This transfer was executed during October 2024.

No further events occurred that require disclosure after October 30, 2024 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

FIRSTLINE SCHOOLS, INC.
Schedule of Financial Position by School
For the Year Ended June 30, 2024

	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	$ 11,891,251	$ (685,171)	$ 4,297,426	$ 1,150,410	$ 4,281,980	$ 3,272,788	$ -	$ 24,208,684
Grants Receivable	924,559	-	1,125,047	407,095	1,155,189	837,171	-	4,449,061
Other Receivables	198,715	-	6,933	-	6,933	6,933	-	219,514
Investments	19,188,998	-	-	-	-	-	-	19,188,998
Due from Other Programs	-	1,274,419	5,330,453	-	5,052,872	2,308,015	(13,965,759)	-
Prepaid Expenses	90,380	-	-	-	-	-	-	90,380
Right-of-Use Asset	230,677	-	-	-	-	-	-	230,677
Property and Equipment, Net	210,174	-	73,588	175,334	100,563	1,268,970	-	1,828,629
Total Assets	$ 32,734,754	$ 589,248	$ 10,833,447	$ 1,732,839	$ 10,597,537	$ 7,693,877	$ (13,965,759)	$ 50,215,943
Liabilities and Net Assets								
Liabilities								
Accounts Payable	$ 3,930,618	$ 507,692	$ 91,811	$ 80,825	$ 66,788	$ 326,851	$ -	$ 5,004,585
Accrued Liabilities	42,884	2,434	324,682	59,341	258,372	977,226	-	1,664,939
Due to Other Programs	13,057,518	-	-	908,241	-	-	(13,965,759)	-
Deferred Revenue	48,503	-	-	-	-	84,514	-	133,017
Lease Liability	234,511	-	-	-	-	-	-	234,511
Total Liabilities	17,314,034	510,126	416,493	1,048,407	325,160	1,388,591	(13,965,759)	7,037,052
Net Assets								
Without Donor Restrictions	15,420,720	79,122	10,416,954	684,432	10,272,377	6,305,286	-	43,178,891
Total Net Assets	15,420,720	79,122	10,416,954	684,432	10,272,377	6,305,286	-	43,178,891
Total Liabilities and Net Assets	$ 32,734,754	$ 589,248	$ 10,833,447	$ 1,732,839	$ 10,597,537	$ 7,693,877	$ (13,965,759)	$ 50,215,943

See independent auditor’s report.

FIRSTLINE SCHOOLS, INC.
Schedule of Activities by School
For the Year Ended June 30, 2024

	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	$ -	$ (48,477)	$ 6,328,711	$ 4,327,917	$ 6,199,111	$ 6,170,549	$ -	$ 22,977,811
Grants	141,038	-	62,461	24,292	45,834	24,089	-	297,714
Total Local Sources	141,038	(48,477)	6,391,172	4,352,209	6,244,945	6,194,638	-	23,275,525
State Sources								
Minimum Foundation Program	-	-	4,426,698	3,031,560	4,100,401	4,010,830	-	15,569,489
Grants	-	-	21,668	145,219	277,552	289,779	-	734,218
Total State Sources	-	-	4,448,366	3,176,779	4,377,953	4,300,609	-	16,303,707
Federal Sources								
Grants	1,308,947	-	3,738,398	2,080,014	4,096,734	3,685,044	-	14,909,137
Medicaid	554,311	-	-	-	-	-	-	554,311
Total Federal Sources	1,863,258	-	3,738,398	2,080,014	4,096,734	3,685,044	-	15,463,448
Other Revenue								
Other Revenue	510,074	-	54,905	18,688	72,615	170,579	-	826,861
Interest	74,113	-	75	-	-	23	-	74,211
Unrealized Gains on Investments, Net	1,330,133	-	-	-	-	-	-	1,330,133
Charter Management Fees	5,318,370	-	-	-	-	-	(5,318,370)	-
Total Other Revenue	7,232,690	-	54,980	18,688	72,615	170,602	(5,318,370)	2,231,205
Total Revenue	9,236,986	(48,477)	14,632,916	9,627,690	14,792,247	14,350,893	(5,318,370)	57,273,885
Expenses								
Program Services								
Instructional	5,046,542	-	11,050,173	8,206,908	10,194,282	11,171,872	-	45,669,777
Supporting Services								
Management and General	4,264,850	(43,886)	1,754,122	1,218,501	1,693,244	1,697,440	(5,318,370)	5,265,901
Fundraising	284,964	-	-	-	-	-	-	284,964
Total Expenses	9,596,356	(43,886)	12,804,295	9,425,409	11,887,526	12,869,312	(5,318,370)	51,220,642
Change in Net Assets	(359,370)	(4,591)	1,828,621	202,281	2,904,721	1,481,581	-	6,053,243
Net Assets, Beginning of Year	15,776,591	83,713	8,588,333	481,975	7,479,226	4,823,705	-	37,233,543
Prior Period Adjustment	3,499	-	-	176	(111,570)	-	-	(107,895)
Net Assets, Beginning of Year, As Restated	15,780,090	83,713	8,588,333	482,151	7,367,656	4,823,705	-	37,125,648
Net Assets, End of Year	$ 15,420,720	$ 79,122	$ 10,416,954	$ 684,432	$ 10,272,377	$ 6,305,286	$ -	$ 43,178,891

See independent auditor's report.

FIRSTLINE SCHOOLS, INC.
Schedule of Functional Expenses by School
For the Year Ended June 30, 2024

	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	$ 2,301,342	$ 1,581,814	$ 187,893	$ -	$ (20)	$ 5,249,845	$ 161,794	$ 3,910,654	$ 116,609
Payroll Taxes and Benefits	600,189	412,537	49,002	-	(171)	1,081,338	33,325	843,234	25,144
Total Salaries, Wages, and Benefits	2,901,531	1,994,351	236,895	-	(191)	6,331,183	195,119	4,753,888	141,753
Purchased Professional and Technical Services	972,391	1,533,598	5,629	-	-	1,148,750	1,486,794	903,229	1,000,687
Student Transportation Services	1,341	-	-	-	-	892,992	-	695,182	-
Supplies	346,715	237,790	33,445	-	348	723,889	15,105	418,514	13,840
Food Service Management	219,980	-	-	-	-	653,715	-	437,690	-
Repairs and Maintenance	19,518	-	-	-	(44,088)	481,665	-	363,229	-
Insurance	338,073	126,483	-	-	-	263,789	2,577	193,990	1,457
Other Purchased Services	61,776	281,727	4,659	-	-	95,385	2,551	95,308	2,067
Authorizer Fees	-	11,000	-	-	-	204,477	796	135,553	-
Other Purchased Property Sources	101,443	30,784	1,920	-	-	73,322	3,795	44,098	820
Electricity and Gas	11,864	-	-	-	-	120,222	-	88,421	-
Communications	56,555	3,673	-	-	47	60,784	-	63,797	-
Miscellaneous Expenses	15,355	43,395	2,416	-	-	-	32,557	14,009	31,103
Depreciation	-	2,049	-	-	-	-	14,828	-	26,774
Total	$ 5,046,542	$ 4,264,850	$ 284,964	$ -	$ (43,884)	$ 11,050,173	$ 1,754,122	$ 8,206,908	$ 1,218,501

See independent auditor’s report.

FIRSTLINE SCHOOLS, INC.
Schedule of Functional Expenses by School (Continued)
For the Year Ended June 30, 2024

	Phillis Wheatley Charter School		Langston Hughes Academy Charter School			Grand Total			
	Instructional	Management and General	Instructional	Management and General	Eliminations	Instructional	Management and General	Fundraising	Combined Total
Salaries, Wages, and Benefits									
Salaries and Wages	$ 5,004,758	$ 98,802	$ 5,551,391	$ 160,426	$ -	$ 22,017,990	$ 2,119,425	$ 187,893	$ 24,325,308
Payroll Taxes and Benefits	1,022,338	20,182	1,182,288	34,167	-	4,729,387	525,184	49,002	5,303,573
Total Salaries, Wages, and Benefits	6,027,096	118,984	6,733,679	194,593	-	26,747,377	2,644,609	236,895	29,628,881
Purchased Professional and Technical Services	834,452	1,487,500	660,364	1,451,917	(5,318,370)	4,519,186	1,642,126	5,629	6,166,941
Student Transportation Services	852,362	-	938,768	-	-	3,380,645	-	-	3,380,645
Supplies	369,034	11,927	681,199	17,194	-	2,539,351	296,204	33,445	2,869,000
Food Service Management	703,837	-	661,016	-	-	2,676,238	-	-	2,676,238
Repairs and Maintenance	585,754	-	589,619	-	-	2,039,785	(44,088)	-	1,995,697
Insurance	260,782	-	257,596	2,053	-	1,314,230	132,570	-	1,446,800
Other Purchased Services	108,480	1,147	135,295	1,146	-	496,244	288,638	4,659	789,541
Authorizer Fees	192,695	-	197,988	-	-	730,713	11,796	-	742,509
Other Purchased Property Services	54,715	1,094	85,718	5,615	-	359,296	42,108	1,920	403,324
Electricity and Gas	124,017	-	150,190	-	-	494,714	-	-	494,714
Communications	79,354	-	63,849	-	-	324,339	3,720	-	328,059
Miscellaneous Expenses	1,704	57,816	16,591	10,971	-	47,659	175,842	2,416	225,917
Depreciation	-	14,776	-	13,951	-	-	72,378	-	72,378
Total	$ 10,194,282	$ 1,693,244	$ 11,171,872	$ 1,697,440	$ (5,318,370)	$ 45,669,777	$ 5,265,903	$ 284,964	$ 51,220,644

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, 2024

Chief Executive Officer Name
Sabrina Pence, CEO

Purpose	Amount
Salary	$196,520
Benefits - Retirement	$22,156
Benefits - Insurance	$10,600
Car Allowance	$0
Vehicle Provided by Government	$0
Per Diem	$0
Reimbursements	$616
Travel	$0
Registration Fees	$0
Conference Travel	$0
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, 2024

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

See independent auditor’s report.

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

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 financial statements of FirstLine Schools, Inc. (FirstLine), which comprise the statement of financial position as of June 30, 2024, 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 financial statements, and have issued our report thereon dated October 30, 2024.

Internal Control Over Financial Reporting
In planning and performing our audit of the 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 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 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 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 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.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 30, 2024

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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) 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, 2024. 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, 2024.

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; 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 30, 2024

FIRSTLINE SCHOOLS, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

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	Unknown		3,386,542
National School Breakfast and Lunch Program - Additional Expenses	10.553, 10.555	Unknown		27,702
National School Breakfast and Lunch Program - Fresh Fruit and Vegetable Program	10.582	Unknown		64,812
Total Child Nutrition Cluster			*	3,479,056
Child and Adult Care Food Program	10.558	Unknown		79,812
Child and Adult Care Food Program - Supper	10.558	Unknown		180,330
Total Child and Adult Care Food Program				260,142
Total U.S. Department of Agriculture				3,739,198
United States Department of Education				
Passed through the Louisiana Department of Education				
Title I Grants to Local Education Agencies	84.010A	S010A230018		1,910,240
School Redesign 1003a	84.010A	S010A220018		89,525
Total Title I			*	1,999,765
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84.367A	S367A230017		202,245
Title III	84.365A	S365A230018		18,515
Title III, Immigrant	84.365A	S365A230018		28,927
Total Title III				47,442
Title IVA SSAE	84.424A	S424A230019		76,104
Stronger Connections Title IV	84.424F	S424F220019		136,441
Total Title IV				212,545
21st Century	84.287C	S287C210018		1,185,282
Special Education-Grants to States IDEA Part B	84.027A	H027A230033		760,680
Special Education-Grants to States IDEA Preschool	84.173A	H173A230082		10,513
IDEA Set Aside	84.027A	H027A220033		5,064
High Cost Services- IDEA	84.027A	H027A230033		151,544
IDEA 611 ARP	84.027X	H027X210033		23,235
Total Special Education Cluster			*	951,036
Comprehensive State Literacy Development	84.371C	S371C190018		163,911
Homeless ARP	84.425W	S425W210019		32,407
ESSER II Formula	84.425D	S425D210003		21,851
ESSER II Incentive	84.425D	S425D210003		241,836
ESSER III Formula	84.425U	S425U210003		4,324,151
ESSER III EB Interventions	84.425U	S425U210003		267,603
ESSER III Incentive	84.425U	S425U210003		816,010
Total ESSER				5,703,858
Total from Louisiana Department of Education				10,466,084
Passed-Through New Schools for New Orleans				
Teacher and School Leader Incentive Program	84.374	Unknown		598,679
Total U.S. Department of Education				11,064,763
United States Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially-Declared Disasters)	97.036	Unknown		105,176
Total U.S. Department of Homeland Security				105,176
Total Federal Awards				$ 14,909,137

See independent auditors' report on supplementary information.

FIRSTLINE SCHOOLS, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

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, 2024 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 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, 2024.

FirstLine utilized indirect cost rates approved by the LDOE under various grant agreements ranging from 4.3% to 16.3%.

FIRSTLINE SCHOOLS, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

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)	
Title I (ALN No. 84.010A)	
IDEA B (ALN No. 84.027)	
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.

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, 2024

LAPORTE
CPAs & BUSINESS ADVISORS

Contents	Schedule	Page

LAPORTE
CPAs & BUSINESS ADVISORS

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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, 2024; 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: For 3 classes selected, the roll book count did not agree to the class size on the schedule.

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 2 individuals selected, the years of experience reported on the PEP data did not agree to the information provided in the individuals' personnel files. For one 1 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: None.

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 Statue 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.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 25, 2024

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. **Schedule 1**
NEW ORLEANS, LOUISIANA
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2024

General Fund Instructional and Equipment Expenditures		
General Fund Instructional Expenditures		
Teacher and Student Interaction Activities		
Classroom Teacher Salaries	$ 9,976,406	
Other Instructional Staff Salaries	5,556,950	
Instructional Staff Employee Benefits	3,153,848	
Purchased Professional and Technical Services	1,467,822	
Instructional Materials and Supplies	1,833,142	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		$ 21,988,168
Other Instructional Activities		954,596
Pupil Support Services	3,426,162	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		3,426,162
Instructional Staff Services	3,225,226	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		3,225,226
School Administration	5,300,875	
Less: Equipment for School Administration	-	
Net School Administration		5,300,875
Total General Fund Instructional Expenditures		$ 34,895,027
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 16th 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. **Schedule 2**
NEW ORLEANS, LOUISIANA
Class Size Characteristics
As of October 1, 2023

	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	23%	148	14%	91	56%	366	7%	45
Elementary Activity Classes	24%	29	26%	31	46%	56	4%	5

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

LAPORTE
CPAs & BUSINESS ADVISORS

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AGREED-UPON PROCEDURES REPORT

FirstLine Schools, Inc.

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of July 1, 2023 - June 30, 2024

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, 2023 through June 30, 2024. 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, 2023 through June 30, 2024. 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. Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

iii. ***Disbursements***, including processing, reviewing, and approving.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions noted.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

   iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

   iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

   Results: No exceptions noted.

3) 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: For one (1) bank reconciliation selected, the reconciliation did not include evidence that the bank reconciliation was prepared within two (2) months of the related statement closing date.

4) Collections (excluding electronic fund 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: The Organization has determined that this procedure is not applicable as the Organization does not receive any public funds in the form of cash, checks, or money orders.

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 (i.e., 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:

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

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

iii. Each employee responsible for collecting cash is not 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

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 responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: The Organization has determined that this procedure is not applicable as the Organization does not receive any public funds in the form of cash, checks, or money orders.

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

Results: The Organization has determined that this procedure is not applicable as the Organization does not receive any public funds in the form of cash, checks, or money orders.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   i. Observe that receipts are sequentially pre-numbered.

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

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

   iv. Observe 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).

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

Results: The Organization has determined that this procedure is not applicable as the Organization does not receive any public funds in the form of cash, checks, or money orders.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and and petty cash balances)

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions noted.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

   ii. At least two employees are involved in processing and approving payments to vendors;

iii. The employee responsible for processing payments is prohibited from adding/ modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files;

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: No exceptions noted.

C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, and

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Results: No exceptions noted.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements*

Results: No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions noted.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions noted.

C. Using the monthly statements or combined statements selected under #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions noted.

7) Travel and Travel-Related Expense Reimbursement (excluding card transactions)

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted.

9) Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: No exceptions noted.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions noted.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: No exceptions noted.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: No exceptions noted.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R. S. 42:1170.

Results: No exceptions noted.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results: The Organization has determined that these procedures are not applicable.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: The Organization has determined that these procedures are not applicable.

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Results: No exceptions noted.

B. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, verbally discuss the results with management, and report "**We performed the procedure and discussed the results with management".**

i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedures and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedures and discussed the results with management.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267 . The requirements are as follows:

i. Hired before June 9, 2020 - completed the training;

ii. Hired on or after June 9, 2020 - complete the training within 30 days of initial service or employment.

Results: We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Results: The Organization has determined that these procedures are not applicable.

B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: The Organization has determined that these procedures are not applicable.

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that the report includes the applicable requirements of R.S. 42:344:

   i. Number and percentage of public servants in the agency who have completed the training requirements;
   ii. Number of sexual harassment complaints received by the agency;
   iii. Number of complaints which resulted in a finding that sexual harassment occurred;
   iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
   v. Amount of time it took to resolve each complaint.

   <u>Results</u>: The Organization has determined that these procedures are not applicable.

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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.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 25, 2024