

**FIRSTLINE SCHOOLS, INC.**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of FirstLine Schools, Inc. (FirstLine) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FirstLine as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

## **Auditors' 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. Also, the accompanying Combining Schedules and the accompanying Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and 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 December 21, 2023, 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.

*Bruno & Tervalon LLP*

December 21, 2023  
New Orleans, Louisiana

**FIRSTLINE SCHOOLS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**

**ASSETS**

Cash and cash equivalents	\$ 18,437,863
Grants receivable	7,779,552
Other receivables	67,544
Investments	12,023,468
Prepaid expenses	28,972
Right of use asset	286,576
Property and equipment, net	<u>600,209</u>
 Total assets	 <u><u>\$ 39,224,184</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable	\$ 473,356
Accrued liabilities	1,185,729
Deferred revenue	44,088
Lease liability	<u>287,468</u>
 Total liabilities	 <u>1,990,641</u>
 Net Assets:	
Without donor restrictions	<u>37,233,543</u>
 Total net assets	 <u>37,233,543</u>
 Total liabilities and net assets	 <u><u>\$ 39,224,184</u></u>

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

**FIRSTLINE SCHOOLS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b><u>Without Donor Restrictions</u></b>
<b><u>REVENUES</u></b>	
Local sources:	
Minimum Foundation Program	\$ 20,558,677
Contributions	7,681,352
Grants	221,216
Investment earnings	369,549
Medicaid	439,419
Meals	325,296
Total local sources	<u>29,595,509</u>
State sources:	
Minimum Foundation Program	13,798,996
Grants	812,815
Total state sources	<u>14,611,811</u>
Federal grants	<u>16,452,607</u>
Total revenues	<u>60,659,927</u>
<b><u>EXPENSES</u></b>	
Instruction	30,953,331
Management and general	13,602,056
Fundraising	145,063
Total expenses	<u>44,700,450</u>
Changes in net assets	15,959,477
Net assets, beginning of year	<u>21,274,066</u>
Net assets, end of year	<u><u>\$ 37,233,543</u></u>

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

**FIRSTLINE SCHOOLS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b><u>EXPENSES (SCHEDULE IV)</u></b>	<b><u>Instructional</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Salaries and wages	\$ 17,551,082	\$ 5,945,640	\$ 128,578	\$ 23,625,300
Employee benefits	924,492	480,534	16,485	1,421,511
Advertising and promotion	-	34,301	-	34,301
Books	133,945	2,834	-	136,779
Food and beverage	141,077	169,927	-	311,004
Purchased professional and technical services	4,818,055	118,398	-	4,936,453
Student transportation services	3,408,292	-	-	3,408,292
Insurance	-	1,005,778	-	1,005,778
Copying and printing	-	71,468	-	71,468
Communications	-	389,166	-	389,166
Food service management	2,292,909	232,797	-	2,525,706
Other purchased services	-	682,561	-	682,561
Rent - Buildings	-	99,638	-	99,638
Rent- Equipment	-	145,154	-	145,154
Repairs and maintenance	-	1,774,235	-	1,774,235
Supplies	1,513,180	296,939	-	1,810,119
Depreciation	-	84,143	-	84,143
Travel	-	69,825	-	69,825
Tuition payments	170,299	9,517	-	179,816
Utilities	-	660,722	-	660,722
Miscellaneous	-	1,328,479	-	1,328,479
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
 Total expenses	 <u>\$ 30,953,331</u>	 <u>\$ 13,602,056</u>	 <u>\$ 145,063</u>	 <u>\$ 44,700,450</u>

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



**FIRSTLINE SCHOOLS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Changes in net assets	\$ 15,959,477
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation expense	84,142
Other non-cash item	4,391
Unrealized gain on investments	(97,885)
Changes in assets and liabilities:	
Decrease in prepaid expense	46,757
Decrease in grants receivable	2,179,767
Decrease in other receivables	154,673
Decrease in accounts payable	(1,626,941)
Increase in accrued liabilities	73,119
Decrease in deferred revenue	(627,720)
Net cash provided by in operating activities	<u>16,149,780</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of investments	(11,925,583)
Purchases of property and equipment	<u>(301,838)</u>
Net cash used in investing activities	<u>(12,227,421)</u>

Increase in cash and cash equivalents 3,922,359

Cash and cash equivalents, beginning of year 14,515,504

Cash and cash equivalents, end of year \$ 18,437,863

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

FIRSTLINE SCHOOLS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

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 (BESE) 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 2022-2023 school year, Green, Ashe, Wheatley and Langston Hughes served the following number of students:

Green	532
Ashe	756
Wheatley	766
Hughes	<u>798</u>
Total	<u><u>2,852</u></u>

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. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

FIRSTLINE SCHOOLS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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.

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.

Should that status be challenged in the future, FirstLine's 2022, 2021 and 2020 tax years are open for examination by the IRS.

FIRSTLINE SCHOOLS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

Financial Statement Presentation

FirstLine has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations.

Under ASU 2016-14, FirstLine classifies resources for financial accounting and reporting purposes into two net (2) asset categories: without donor restrictions and with donor restrictions. A description of the two (2) net asset categories is as follows:

- 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, 2023, FirstLine had no net assets with donor restrictions.

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, 2023.

Recent Accounting Pronouncement

During the year ended December 31, 2022, the Organization adopted Accounting Standards Codification (“ASC”), Topic 842, *Leases*, for all material long-term operating leases. Under this new accounting pronouncement, the Organization recognized a right-of-use asset and lease liability calculated based on the present value of the lease payments not yet paid, discounted using appropriate discount rates at the lease commencement date. The right-of-use asset is initially equal to the lease liability plus any initial direct costs and prepaid lease payments, less any lease incentives received. Under this approach, amortization of right-of-use asset is charged to rent expense, which is recorded on the straight-line basis over the term of each lease, unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis will be used.

The lease liability for an operating lease at any given time is calculated as the present value of the lease payments not yet paid, discounted by using the rate that was established on the lease commencement date.

The right-of-use asset, at any given time, is measured as the right-of-use asset balance at the beginning of the period, adjusted by the current-period right-of-use asset amortization, which is

FIRSTLINE SCHOOLS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

calculated as the current-period lease cost adjusted by the lease liability accretion to the then outstanding lease balance.

Changes in present value discount on operating leases are charged to the respective lease expense based upon the nature of the right-of-use asset that gave rise to the discount.

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.

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 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 5 charter schools, Ashe, Green, Wheatley and Hughes received funding from BESE passed through NOLA Public Schools 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 1<sup>st</sup> and February 1<sup>st</sup> student counts and the results of any audits performed. NOLA Public Schools receives from FirstLine an administrative fee of about 2% of MFP funds.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been reported on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and support (management and general) services benefitted.

Vacation Leave

Vacation for full-time employees is accrued on a monthly basis. Employees receive two (2) weeks annual vacation for the first five (5) years of employment. After five (5) years, employees receive three (3) weeks of vacation. After eleven (11) years, employees receive four (4) weeks of vacation. Vacation days do not accrue.

Paid Leave

Employees earn ten (10) days paid leave per year to be used in the event of their own illness, a family illness, bereavement, or personal business. Such paid leave may be used for the purpose of visiting doctors, dentist or other recognized practitioners. Employees may also use paid leave for the above reasons when it relates to immediate family members only.

FIRSTLINE SCHOOLS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

Paid leave cannot be carried from one year to the next, and FirstLine will not pay the employee for unused leave upon termination.

Note 2 – Property and Equipment:

The following is a summary of property and equipment at June 30, 2023:

Land	\$ 181,485
Building improvements	2,530,696
Construction in progress	43,915
Equipment	<u>2,049,565</u>
Total property and equipment	4,805,660
Less: accumulated depreciation	<u>(4,205,452)</u>
Net property and equipment	<u>\$ 600,209</u>

For the year ended June 30, 2023, depreciation expense was \$84,143.

Note 3 - Investments:

Investments are stated at fair value and are summarized as follows as of June 30, 2023:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Cash and sweep funds	\$ 95,000	\$ 95,000	\$ 95,000
Government securities	<u>12,023,352</u>	<u>11,928,468</u>	<u>11,928,468</u>
Total	<u>\$ 12,118,352</u>	<u>\$ 12,023,468</u>	<u>\$ 12,023,468</u>

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.

FIRSTLINE SCHOOLS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

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.

Note 6 - Contingency:

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.

Note 7 - Lease and Use Agreements:

FirstLine entered into facility lease agreements with the NOLA Public Schools to lease school property owned by NOLA Public Schools for purposes of FirstLine operating Green, Ashe, Wheatley and Hughes charter schools.

For each charter school, the facility lease term effective for the 2023 fiscal year was for the period of July 1, 2022 to June 30, 2023. NOLA Public Schools extended the terms of the Charter Schools' facility leases as follows:

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

In consideration of the use of NOLA Public Schools' school properties, FirstLine agreed to pay NOLA Public Schools use fees for each charter school based on a formula to compute NOLA Public Schools' 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 NOLA Public Schools.

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

FIRSTLINE SCHOOLS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

Note 8 - Grants Receivable:

At June 30, 2023, grants receivable consisted of the following sources:

Federal	\$7,133,883
State	<u>323,451</u>
Total	<u>\$7,457,334</u>

Note 9 - Availability and Liquidity:

At June 30, 2023, 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	\$ 18,437,863
Grants receivable	7,779,552
Other receivables	67,544
Investments	<u>12,023,468</u>
Total	<u>\$ 38,308,427</u>

None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the 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, 2023.

Note 11 - Concentration of Revenue Source:

FirstLine's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund. FirstLine receives a State allocation and a local allocation per eligible student in attendance at the official pupil count date of October 1<sup>st</sup>, each year. MFP revenue accounts for 57% of FirstLine's total support for the year ended June 30, 2023.



FIRSTLINE SCHOOLS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

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 \$99,638 for the year ended June 30, 2023 and are included in rent expense in the statement of functional expenses.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability as of June 30, 2023:

<u>Fiscal Year Ending June 30,</u>	
2024	\$ 63,291
2025	65,823
2026	67,776
2027	67,776
2028	<u>50,832</u>
Total lease payments	315,498
Less present value discount	<u>(28,030)</u>
Total lease liability	<u>\$ 287,468</u>

The remaining lease term (in months) and discount rates for the above-mentioned lease were as follows for the year ended June 30, 2023:

Remaining lease term	57
Discount rate	4.00%

Operating cash flows from the operating lease totaled \$15,666 for the year ended June 30, 2023.

Note 13 - Subsequent Events:

FirstLine is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements.

FirstLine performed such an evaluation through December 21, 2023, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

**FIRSTLINE SCHOOLS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULE I**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Total Federal Expenditures</b>
<b><u>United States Department of Education</u></b>			
Passed through Louisiana Department of Education			
Title I Grants to Local Education Agencies	84.010A	S010A180018	\$ 1,756,771
Direct Student Services	84.010A	S010A200018	10,497
School Redesign 1003a	84.010A	S010A200018	101,999
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84.367A	S367A180017	212,590
Title III	84.365A	S365A210018	14,101
Title III, Immigrant	84.365A	S365A210018	18,421
Title IVA SSAE	84.424A	S42A180019	146,295
21st Century	84.287C	S287C210018	1,198,624
Special Education-Grants to States IDEA Part B	84.027A	H027A180033	675,641
Special Education-Grants to States IDEA Preschool	84.173A	H173A210082	9,696
IDEA Set Aside	84.027A	H027A200033	42,000
High Cost Services- IDEA	84.027A	H027A21003320	146,715
Comprehensive State Literacy Development	84.371C	S371C190018	92,473
Real-time Early Access to Literacy	84.425B	S425B200042	4,057
IDEA 611 ARP	84.027X	H027X210033	138,480
IDEA 619 ARP	84.173X	H173X210082	13,292
Homeless ARP	84.425W	S425W210019	13,062
ESSER II Formula	84.425D	S425D210003	1,043,656
ESSER II Incentive	84.425D	S425D210003	73,106
ESSER III Formula	84.425U	S425U210003	4,958,319
ESSER III EB Interventions	84.425U	S425U210003	973,781
ESSER III Incentive	84.425U	S425U210003	748,239
<b>Total from LA State Department of Education</b>			<b>12,391,815</b>
<b><u>Awards from a Pass-Through Entity</u></b>			
Passed-Through New Schools for New Orleans			
Teacher Incentive Fund	84.374		148,378
Teacher and School Leader Incentive Program	84.374		578,369
<b>Total from New Schools for New Orleans</b>			<b>726,747</b>
<b><u>U.S. Department of Agriculture</u></b>			
Passed-Through: LA State Department of Education			
National School Breakfast and Lunch Program	10.553, 10.555		2,602,656
Child and Adult Care Food Program	10.558		49,345
<b>Total from U.S. Department of Agriculture</b>			<b>2,652,001</b>
<b>Total Federal Awards</b>			<b>\$ 15,770,563</b>

NOTE 1: 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, 2023 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: FirstLine did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2023.

**FIRSTLINE SCHOOLS, INC.**  
COMBINING SCHEDULE OF FINANCIAL POSITION  
JUNE 30, 2023

**SCHEDULE II**

	<b>FirstLine Network Activity</b>	<b>Live Oak Charter School</b>	<b>Arthur Ashe Charter School</b>	<b>Samuel J. Green Charter School</b>	<b>Phillis Wheatley Charter School</b>	<b>Langston Hughes Academy Charter School</b>	<b>Eliminations</b>	<b>Total</b>
<b><u>ASSETS</u></b>								
Cash and cash equivalents	\$ 16,090,807	\$ (801,496)	\$ 1,894,896	\$ (1,565,784)	\$ 2,156,042	\$ 663,398	\$ -	\$ 18,437,863
Grants receivable	1,781,838	-	1,204,815	722,501	1,918,324	2,152,074	-	7,779,552
Other receivables	29,184	-	16,054	3,860	6,933	11,513	-	67,544
Investments	12,023,468							12,023,468
Due from other programs	(14,096,149)	1,384,302	5,639,451	1,207,995	3,618,990	2,245,411	-	-
Prepaid expenses	28,972	-	-	-	-	-	-	28,972
Right of use asset	286,576	-	-	-	-	-	-	286,576
Property and equipment, net	177,986	-	18,136	155,282	114,170	134,635	-	600,209
Total assets	<u>\$ 16,322,682</u>	<u>\$ 582,806</u>	<u>\$ 8,773,352</u>	<u>\$ 523,854</u>	<u>\$ 7,814,459</u>	<u>\$ 5,207,031</u>	<u>\$ -</u>	<u>\$ 39,224,184</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>								
Liabilities:								
Accounts payable	\$ (340,536)	\$ 451,381	\$ 136,041	\$ 41,879	\$ 135,667	\$ 48,924	\$ -	\$ 473,356
Accrued liabilities	599,159	3,624	48,978	-	199,566	334,402	-	1,185,729
Deferred revenue	-	44,088	-	-	-	-	-	44,088
Lease liability	287,468	-	-	-	-	-	-	287,468
Total liabilities	<u>546,091</u>	<u>499,093</u>	<u>185,019</u>	<u>41,879</u>	<u>335,233</u>	<u>383,326</u>	<u>-</u>	<u>1,990,641</u>
Net Assets:								
Without donor restrictions	<u>15,776,591</u>	<u>83,713</u>	<u>8,588,333</u>	<u>481,975</u>	<u>7,479,226</u>	<u>4,823,705</u>	<u>-</u>	<u>37,233,543</u>
Total net assets	<u>15,776,591</u>	<u>83,713</u>	<u>8,588,333</u>	<u>481,975</u>	<u>7,479,226</u>	<u>4,823,705</u>	<u>-</u>	<u>37,233,543</u>
Total liabilities and net assets	<u>\$ 16,322,682</u>	<u>\$ 582,806</u>	<u>\$ 8,773,352</u>	<u>\$ 523,854</u>	<u>\$ 7,814,459</u>	<u>\$ 5,207,031</u>	<u>-</u>	<u>\$ 39,224,184</u>

See Independent Auditors' Report on Supplementary Information.

**FIRSTLINE SCHOOLS, INC.**  
**COMBINING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULE III**

	<b>FirstLine Network Activity</b>	<b>Live Oak Charter School</b>	<b>Arthur Ashe Charter School</b>	<b>Samuel J. Green Charter School</b>	<b>Phillis Wheatley Charter School</b>	<b>Langston Hughes Academy Charter School</b>	<b>Eliminations</b>	<b>Total</b>
<b><u>REVENUES</u></b>								
Local sources:								
Minimum Foundation Program	\$ -	\$ 69,284	\$ 6,019,975	\$ 3,612,004	\$ 5,494,324	\$ 5,363,090	\$ -	\$ 20,558,677
Management fee	5,102,226	-	-	-	-	-	(5,102,226)	-
Contributions	7,488,525	-	91,830	29,062	28,226	43,709	-	7,681,352
Grants	221,216	-	-	-	-	-	-	221,216
Investment earnings	129,509	-	5,425	64,386	21,673	148,556	-	369,549
Medicaid	424,959	-	3,620	3,600	3,620	3,620	-	439,419
Meals	320,273	-	1,295	880	945	1,903	-	325,296
Total local sources	13,686,708	69,284	6,122,145	3,709,932	5,548,788	5,560,878	(5,102,226)	29,595,509
State sources:								
Minimum Foundation Program	-	-	4,057,598	2,504,892	3,637,978	3,598,528	-	13,798,996
Grants	267,095	-	15,859	99,927	215,085	214,849	-	812,815
Total state sources	267,095	-	4,073,457	2,604,819	3,853,063	3,813,377	-	14,611,811
Federal grants	786,085		3,857,239	2,810,828	4,603,607	4,394,848	-	16,452,607
Total revenues	14,739,888	69,284	14,052,841	9,125,579	14,005,458	13,769,103	(5,102,226)	60,659,927
<b><u>EXPENSES</u></b>								
Instruction	2,924,541	(53,998)	7,159,104	5,963,705	7,030,726	7,929,253	-	30,953,331
Management and general	4,725,822	49,439	3,652,628	2,708,409	3,760,127	3,807,857	(5,102,226)	13,602,056
Fundraising	145,063	-	-	-	-	-	-	145,063
Total expenses	7,795,426	(4,559)	10,811,732	8,672,114	10,790,853	11,737,110	(5,102,226)	44,700,450
Changes in net assets	6,944,462	73,843	3,241,109	453,465	3,214,605	2,031,993		15,959,477
Net assets, beginning of year	8,832,129	9,870	5,347,224	28,510	4,264,621	2,791,712	-	21,274,066
Net assets, end of year	\$ 15,776,591	\$ 83,713	\$ 8,588,333	\$ 481,975	\$ 7,479,226	\$ 4,823,705	\$ -	\$ 37,233,543

See Independent Auditors' Report on Supplementary Information.

**FIRSTLINE SCHOOLS, INC.**  
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

**SCHEDULE IV**  
**Page 1 of 2**

	<b>FirstLine Network Activity</b>			<b>Live Oak Charter School</b>		<b>Arthur Ashe Charter School</b>		<b>Samuel J. Green Charter School</b>	
	Instruction	Management and General	Fundraising	Instruction	Management and General	Instruction	Management and General	Instruction	Management and General
<b><u>EXPENSES</u></b>									
Salaries and wages	1,639,029	2,567,692	128,578	(138,193)	(36,774)	4,215,589	769,873	3,527,852	758,118
Employee benefits	210,143	329,208	16,485	2,316	616	184,012	33,605	171,805	36,920
Advertising and promotion	-	29,379	-	-	-	-	888	-	1,237
Books	-	2,834	-	-	-	14,438	-	40,848	-
Food and beverage - Adult	-	167,903	-	-	2,024	38,793	-	32,608	-
Purchased professional and technical services	1,075,188	110,698	-	34,679	6,928	877,388	1,407,308	719,824	913,810
Purchased property services	-	-	-	-	-	-	-	-	-
Student transportation services	181	-	-	47,200	-	859,919	-	744,264	-
Insurance	-	6,790	-	-	-	-	275,796	-	182,495
Copying and printing	-	5,262	-	-	158	-	16,715	-	14,099
Communications	-	80,428	-	-	516	-	67,121	-	74,191
Food service management	-	232,797	-	-	-	524,693	-	378,781	-
Other purchased services	-	130,229	-	-	-	-	160,067	-	103,840
Rent - Buildings	-	80,773	-	-	14,215	-	2,590	-	-
Rent - Equipment	-	16,425	-	-	1,053	-	31,032	-	26,581
Repairs and maintenance	-	76,800	-	-	56,919	-	402,984	-	332,202
Supplies	-	293,187	-	-	3,752	369,739	-	286,190	-
Depreciation	-	-	-	-	-	-	51,291	-	15,697
Travel	-	45,145	-	-	-	-	4,646	-	10,367
Tuition payments	-	9,517	-	-	-	74,533	-	61,533	-
Utilities	-	19,351	-	-	-	-	161,968	-	130,537
Miscellaneous	-	521,404	-	-	32	-	266,744	-	108,315
Total expenses	<u>\$ 2,924,541</u>	<u>\$ 4,725,822</u>	<u>\$ 145,063</u>	<u>\$ (53,998)</u>	<u>\$ 49,439</u>	<u>\$ 7,159,104</u>	<u>\$ 3,652,628</u>	<u>\$ 5,963,705</u>	<u>\$ 2,708,409</u>

See Independent Auditors' Report on Supplementary Information.

**FIRSTLINE SCHOOLS, INC.**  
COMBINING SCHEDULE OF FUNCTIONAL EXPENSES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2023

**SCHEDULE IV**  
**Page 2 of 2**

	<b>Phillis Wheatley Charter School</b>		<b>Langston Hughes Academy Charter School</b>			<b>Grand Total</b>		
	Instruction	Management and General	Instruction	Management and General	Eliminations	Instruction	Management and General	Fundraising
<b><u>EXPENSES</u></b>								
Salaries and wages	3,763,506	938,360	4,543,299	948,371	\$ -	\$ 17,551,082	\$ 5,945,640	\$ 128,578
Employee benefits	143,588	35,801	212,628	44,384	-	924,492	480,534	16,485
Advertising and promotion	-	888	-	1,909	-	-	34,301	-
Books	(2,257)	-	80,916	-	-	133,945	2,834	-
Food and beverage - Adult	36,475	-	33,201	-	-	141,077	169,927	-
Purchased professional and technical services	1,243,965	1,404,467	867,011	1,377,413	(5,102,226)	4,818,055	118,398	-
Purchased property services	-	-	-	-	-	-	-	-
Student transportation services	812,618	-	944,110	-	-	3,408,292	-	-
Insurance	-	275,150	-	265,547	-	-	1,005,778	-
Copying and printing	-	18,618	-	16,616	-	-	71,468	-
Communications	-	91,025	-	75,885	-	-	389,166	-
Food service management	638,685	-	750,750	-	-	2,292,909	232,797	-
Other purchased services	-	167,108	-	121,317	-	-	682,561	-
Rent - Buildings	-	2,060	-	-	-	-	99,638	-
Rent - Equipment	-	33,297	-	36,766	-	-	145,154	-
Repairs and maintenance	-	439,464	-	465,866	-	-	1,774,235	-
Supplies	394,146	-	463,105	-	-	1,513,180	296,939	-
Depreciation	-	9,634	-	7,521	-	-	84,143	-
Travel	-	3,133	-	6,534	-	-	69,825	-
Tuition payments	-	-	34,233	-	-	170,299	9,517	-
Utilities	-	137,637	-	211,229	-	-	660,722	-
Miscellaneous	-	203,485	-	228,499	-	-	1,328,479	-
Total expenses	<u>\$ 7,030,726</u>	<u>\$ 3,760,127</u>	<u>\$ 7,929,253</u>	<u>\$ 3,807,857</u>	<u>\$ (5,102,226)</u>	<u>\$ 30,953,331</u>	<u>\$ 13,602,056</u>	<u>\$ 145,063</u>

See Independent Auditors' Report on Supplementary Information.

**FIRSTLINE SCHOOLS, INC.**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULE V**

	<b>FirstLine Network Activity</b>	<b>Samuel J. Green Charter School</b>	<b>Arthur Ashe Charter School</b>	<b>Phillis Wheatley Charter School</b>	<b>Live Oak Charter School</b>	<b>Langston Hughes Academy Charter School</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Changes in net assets	\$ 6,944,462	\$ 453,465	\$ 3,241,109	\$ 3,214,605	\$ 73,843	\$ 2,031,993	\$ 15,959,477
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:							
Depreciation expense	-	15,696	51,291	9,634	-	7,521	84,142
Other non-cash item	4,391	-	-	-	-	-	4,391
Unrealized gain on investments	(97,885)	-	-	-	-	-	(97,885)
Changes in assets and liabilities:							
(Increase) decrease in prepaid expense	(443)	-	-	-	47,200	-	46,757
(Increase) decrease in grants receivable	(780,191)	481,040	904,398	(134,368)	2,353,507	(644,619)	2,179,767
(Increase) decrease in other receivables	163,794	-	(9,121)	-	-	-	154,673
(Increase) decrease in due from other programs	14,096,149	(1,207,995)	(3,958,426)	(2,817,422)	(1,384,302)	(1,657,846)	3,070,158
Decrease in accounts payable	(382,146)	(145,425)	(339,148)	(257,273)	(235,665)	(267,284)	(1,626,941)
Increase (decrease) in accrued liabilities	442,464	(183,542)	(172,256)	(7,475)	(93,079)	87,007	73,119
Decrease in deferred revenue	-	(72,921)	-	-	-	(554,799)	(627,720)
Decrease in due to other programs	(1,672,765)	(773,061)	-	-	(624,332)	-	(3,070,158)
Net cash provided by (used in) operating activities	<u>18,717,830</u>	<u>(1,432,743)</u>	<u>(282,153)</u>	<u>7,701</u>	<u>137,172</u>	<u>(998,027)</u>	<u>16,149,780</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Purchases of investments	(11,925,583)	-	-	-	-	-	(11,925,583)
Purchases of property and equipment	-	(144,760)	(15,502)	-	-	(141,576)	(301,838)
Net cash used in investing activities	<u>(11,925,583)</u>	<u>(144,760)</u>	<u>(15,502)</u>	<u>-</u>	<u>-</u>	<u>(141,576)</u>	<u>(12,227,421)</u>
Increase (decrease) in cash and cash equivalents	6,792,247	(1,577,503)	(297,655)	7,701	137,172	(1,139,603)	3,922,359
Cash and cash equivalents, beginning of year	9,298,560	11,719	2,192,551	2,148,341	(938,668)	1,803,001	14,515,504
Cash and cash equivalents, end of year	<u>\$ 16,090,807</u>	<u>\$ (1,565,784)</u>	<u>\$ 1,894,896</u>	<u>\$ 2,156,042</u>	<u>\$ (801,496)</u>	<u>\$ 663,398</u>	<u>\$ 18,437,863</u>

See Independent Auditors' Report on Supplementary Information.

**FIRSTLINE SCHOOLS, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS AND**  
**OTHER PAYMENTS TO THE CHIEF EXECUTIVE OFFICER**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULE VI**

**Chief Executive Officer Name:** Sabrina Pence

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$195,804
Benefits – insurance	10,123
Benefits – retirement	21,106
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	878
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
License fees	-0-
Unvouchered expenses	-0-
Special meals	-0-

See Independent Auditors' Report on Supplementary Information.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of FirstLine Schools, Inc. (FirstLine) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2023.

**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) to determine the 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.

## Internal Control Over Financial Reporting, Continued

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 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 determination of financial statement amounts. 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

December 21, 2023  
New Orleans, Louisiana

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited FirstLine Schools, Inc.'s (FirstLine) compliance with the types of compliance requirements identified as subject to audit 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, 2023. FirstLine's major federal programs are identified in the summary of auditors' 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, 2023.

***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 Auditors' 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.

### ***Auditors, 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 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.

#### **Purpose of this Report**

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

*Bruno & Tervalon LLP*

December 21, 2023  
New Orleans, Louisiana

**FIRSTLINE SCHOOLS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION I - SUMMARY OF AUDITORS RESULTS**

- A. Type of report issued on the financial statements: **Unmodified.**
- B. Did the audit disclose any material weaknesses in internal control over financial reporting? **No.**
- C. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **None Reported.**
- D. Did the audit disclose any non-compliance which is material to the financial statements? **No.**
- E. Did the audit disclose any material weaknesses in internal control over major federal programs? **No.**
- F. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **None Reported.**
- G. Type of report issued on compliance for major programs: **Unmodified.**
- H. Did the audit disclose any audit findings required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? **No.**
- I. Was a management letter issued? **No.**
- J. Major programs:

**United States Department of Education**

Education Stabilization Fund (CFDA No. 84.425D)  
21<sup>st</sup> Century Community Learning (CFDA No. 84.287)

- K. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**
- L. Auditee qualified as a low-risk auditee: **No.**

**FIRSTLINE SCHOOLS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Section II - FINANCIAL STATEMENT FINDINGS**

No matters reported.

**Section III - FINDINGS AND QUESTIONED COSTS  
RELATED TO FEDERAL AWARDS**

No matters reported.

**FIRSTLINE SCHOOLS, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION I -     INTERNAL CONTROL AND COMPLIANCE**  
**MATERIAL TO THE FINANCIAL STATEMENTS**

No matters reported.

**SECTION II -    INTERNAL CONTROL AND COMPLIANCE**  
**MATERIAL TO FEDERAL AWARDS**

No matters reported.

**SECTION III -   MANAGEMENT LETTER**

No matters reported.



**FIRSTLINE SCHOOLS, INC.**

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING BESE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES**

---

To the Board of Directors of  
FirstLine Schools, Inc.,  
the Louisiana Department of Education,  
and the Louisiana Legislative Auditor

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by management of FirstLine Schools, Inc. (FirstLine), the Louisiana Department of Education and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of FirstLine for the fiscal year ended June 30, 2023, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514 I. Management of FirstLine is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described on pages 3 and 4 either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was performed 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, 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.

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 FirstLine, as required by Louisiana Revised Statute 24:514 I, and the results 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.

*Bruno & Tervalon LLP*

December 21, 2023  
New Orleans, Louisiana

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES**

---

**PROCEDURES AND FINDINGS**

Our 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, and
  - Nonpublic Transportation Revenue.

*No differences noted.*

***Class Size Characteristics (SCHEDULE 2, formerly SCHEDULE 6)***

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 1, 2022 roll books for those classes and observed that the class was properly classified on the schedule.

*No differences noted.*

**Education Levels/Experience of Public School Staff (No Schedule)**

3. We obtained the October 1<sup>st</sup> PEP data submitted to the Department of Education, 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 is 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.

*No differences noted.*

**Public School Staff Data: Average Salaries (No Schedule)**

4. We obtained the June 30<sup>th</sup> PEP data submitted to the Department of Education of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtain management's representation that the data is 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.

*No differences noted.*

**FIRSTLINE SCHOOLS, INC.**  
**SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -**  
**PERFORMANCE AND STATISTICAL DATA)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

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**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 (formerly SCHEDULE 6)**

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.**  
**General Fund Instructional and Support Expenditures**  
**and Certain Local Revenue Sources**  
**For the Year Ended June 30, 2023**

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 9,580,219	
Other Instructional Staff Activities	2,729,194	
Employee Benefits	1,629,572	
Purchased Professional and Technical Services	1,433,427	
Instructional Materials and Supplies	1,604,137	
Instructional Equipment	37,500	
Total Teacher and Student Interaction Activities	<u>17,014,049</u>	

Other Instructional Activities

-

Pupil Support Activities	3,373,576	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		3,373,576

Instructional Staff Services	3,700,376	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		3,700,376

School Administration	7,287,004	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>7,287,004</u>

Total General Fund Instructional Expenditures \$ 31,375,005

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	<u>\$ -</u>

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	<u>\$ -</u>

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	<u>\$ -</u>

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

See accompanying independent accountants' report on applying agreed-upon procedures.



**FIRSTLINE SCHOOLS, INC.**  
**Class Size Characteristics**  
**As of October 1, 2022**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	14.0%	88	28.7%	181	48.9%	308	8.4%	53
Elementary Activity Classes	13.7%	16	41.9%	49	44.4%	52	0.0%	0
Middle/Jr. High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Middle/Jr. High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0

**Note:** The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

**FIRSTLINE SCHOOLS, INC.**

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED JUNE 30, 2023**

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors of  
FirstLine Schools, Inc.  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2023. FirstLine Schools, Inc. (FirstLine) management is responsible for those C/C areas identified in the SAUPs.

FirstLine 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 year ended June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated 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.  
***No exceptions were noted.***
  - 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.  
***No exceptions were noted.***

- iii. ***Disbursements***, including processing, reviewing, and approving.  
***No exceptions were noted.***
- 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).  
***No exceptions were noted.***
- 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 rates of pay or approval and maintenance of pay rate schedules.  
***No exceptions were noted.***
- 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.  
***No exceptions were noted.***
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.  
***No exceptions were noted.***
- 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).  
***No exceptions were noted.***
- 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.  
***No exceptions were noted.***

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

***This procedure is not applicable to FirstLine, a nonprofit organization.***

- 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.

***No exceptions were noted.***

- 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.

***No exceptions were 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.

***No exceptions were noted.***

- 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. *Alternatively, for those entities reporting on the not-for-profit 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.*

***No exceptions were noted.***

- 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.

*No exceptions were noted.*

- 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.

*No exceptions were 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);

*No exceptions were noted.*

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*No exceptions were noted.*

- 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.

*No exceptions were noted.*

### **4) Collections (excluding electronic funds transfers)**

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;  
***No exceptions were noted.***
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;  
***No exceptions were noted.***
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and  
***No exceptions were noted.***
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.  
***No exceptions were noted.***
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.  
***No exceptions were noted.***
- 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.  
***No exceptions were noted.***
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.  
***No exceptions were noted.***

- iii. Trace the deposit slip total to the actual deposit per the bank statement.  
*No exceptions were noted.*
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).  
*No exceptions were noted.*
- v. Trace the actual deposit per the bank statement to the general ledger.  
*No exceptions were noted.*

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

---

- 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).
- 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;  
*No exceptions were noted.*
  - ii. At least two employees are involved in processing and approving payments to vendors;  
*No exceptions were noted.*
  - 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;  
*No exceptions were noted.*
  - 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  
*No exceptions were noted.*



- 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.

***No exceptions were noted.***

- C. For each location selected under procedure #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 that deliverables included on the invoice were received by the entity, and

***No exceptions were noted.***

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

***No exceptions were 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.

#### ***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.

***No exceptions were 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

*No exceptions were noted.*

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

*No exceptions were noted.*

- C. Using the monthly statements or combined statements selected under procedure #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.

*No exceptions were noted.*

## **7) Travel and Travel-Related Expense Reimbursements (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](http://www.gsa.gov));

*No exceptions were noted.*

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

*No exceptions were noted.*

- 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

*No exceptions were noted.*

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

*No exceptions were 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. *Alternatively, 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;

*No exceptions were noted.*

- 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);

*No exceptions were noted.*

- 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

*No exceptions were noted.*

- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were 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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);  
*No exceptions were noted.*
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;  
*No exceptions were noted.*
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and  
*No exceptions were noted.*
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.  
*No exceptions were 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.  
*No exceptions were 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.  
*No exceptions were noted.*

## **10) Ethics**

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- 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 that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and  
*No exceptions were noted.*
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.  
*No exceptions were noted.*
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.  
*No exceptions were noted.*

## **11) Debt Service**

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- 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.  
*This procedure is not applicable to FirstLine, a nonprofit organization.*
- 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).  
*This procedure is not applicable to FirstLine, a nonprofit organization.*

## **12) Fraud Notice**

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- 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.

- B. Observe that 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.

*No exceptions were noted.*

### **13) Information Technology Disaster Recovery/Business Continuity**

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- 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 evidence 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.

*No exceptions were noted.*

- 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.

*No exceptions were noted.*

- 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.

*No exceptions were noted.*

- 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.

*No exceptions were noted.*

#### ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that 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.

***No exceptions were noted.***

- B. Observe that 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).

***No exceptions were noted.***

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, 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;

***No exceptions were noted.***

- ii. Number of sexual harassment complaints received by the agency;

***No exceptions were noted.***

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

***No exceptions were noted.***

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

***No exceptions were noted.***

- v. Amount of time it took to resolve each complaint.

***No exceptions were noted.***

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

Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

*Bruno & Tervalon LLP*

December 21, 2023  
New Orleans, Louisiana