

FIRSTLINE SCHOOLS, INC.
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
FirstLine Schools, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **FirstLine Schools, Inc. (FirstLine)** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
FirstLine Schools, Inc.

Auditors' Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **FirstLine** as of June 30, 2016, 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
FirstLine Schools, Inc.

Other Matters

Other 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 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) 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/Principal are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
FirstLine Schools, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, 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 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

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 21, 2016

FIRSTLINE SCHOOLS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Cash and cash equivalents (NOTES 1 and 4)	\$ 2,292,048
Cash held for others	118,897
Grants receivable (NOTE 8)	1,071,030
Other receivables	1,318,494
Prepaid expenses	223,485
Other assets	53,697
Property and equipment, net (NOTES 1 and 2)	<u>1,223,767</u>
 Total assets	 <u><u>\$ 6,301,418</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 770,844
Accrued liabilities	1,538,491
Funds held on behalf of others	<u>118,897</u>
 Total liabilities	 <u>2,428,232</u>
 Net Assets:	
Unrestricted	<u>3,873,186</u>
 Total net assets	 <u>3,873,186</u>
 Total liabilities and net assets	 <u><u>\$ 6,301,418</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, 2016

	Unrestricted	Temporarily Restricted	Total
<u>REVENUES</u>			
Local sources:			
Minimum Foundation Program	\$ 16,535,445	\$ -	\$ 16,535,445
Management fee	85,848	-	85,848
Contributions	2,534,764	338,155	2,872,919
Interest earnings	321	-	321
Charges for food services	49,065	-	49,065
Fundraising activities	206,636	-	206,636
Other	644,504	-	644,504
Total local sources	20,056,583	338,155	20,394,738
State sources:			
Minimum Foundation Program	13,021,275	-	13,021,275
Grants	310,002	-	310,002
Total state sources	13,331,277	-	13,331,277
Federal grants	9,240,524	-	9,240,524
Net assets released from restrictions (NOTE 7)	338,155	(338,155)	-
Total revenues	42,966,539	-	42,966,539
<u>EXPENSES</u>			
Program Services:			
Instruction programs	21,751,195	-	21,751,195
Support Services:			
Pupil support services	2,731,205	-	2,731,205
Instructional staff services	1,480,715	-	1,480,715
School administration	4,110,205	-	4,110,205
Business services	3,810,392	-	3,810,392
Operations and maintenance	3,684,417	-	3,684,417
Student transportation services	3,229,137	-	3,229,137
Central services	293,620	-	293,620
Food services operations	2,743,077	-	2,743,077
Fundraising	36,955	-	36,955
Depreciation	312,986	-	312,986
Total expenses	44,183,904	-	44,183,904
Changes in net assets	(1,217,365)	-	(1,217,365)
Net assets, beginning of year	5,090,551	-	5,090,551
Net assets, end of year	\$ 3,873,186	\$ -	\$ 3,873,186

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

FIRSTLINE SCHOOLS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ (1,217,365)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation expense	312,986
Changes in assets and liabilities:	
Increase in prepaid expense	(147,336)
Decrease in grants receivable	460,182
Decrease in other receivables	219,371
Increase in other assets	(3,243)
Decrease in accounts payable	(514,444)
Increase in accrued liabilities	103,413
Decrease in funds held on behalf of others	(130,946)
Net cash used in operating activities	<u>(917,382)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of land	372,200
Purchases of property and equipment	<u>(731,611)</u>
Net cash used in investing activities	<u>(359,411)</u>
Decrease in cash and cash equivalents	(1,276,793)
Cash and cash equivalents, beginning of year	<u>3,687,738</u>
Cash and cash equivalents, end of year	<u>\$ 2,410,945</u>

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

FIRSTLINE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY
OF SIGNIFICANT ACCOUNTING 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 Charter School (Wheatley) beginning in the 2010-2011 school year, Joseph S. Clark Charter School (Clark) beginning in the 2011-2012 school year and Langston Hughes Charter School (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:

- o 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;
- o Providing a rich variety of experiences for its students to nurture character, health, and active citizenship; and
- o Developing the skillfulness of its staff and building sustainable organizations that facilitate its long-term success.

FIRSTLINE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

General, Continued

In the 2015-2016 school year, Green, Ashe, Wheatley, Clark and Hughes served the following number of students:

Green	501
Ashe	713
Wheatley	671
Clark	403
Hughes	<u>803</u>
 Total	 <u>3,091</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.

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 effect 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.

FIRSTLINE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Property and Equipment, Continued

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. The caption cash and cash equivalents on the Statement of Cash Flows includes cash and cash equivalents and cash held for others from the Statement of Financial Position.

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** 2016, 2015 and 2014 tax years are open for examination by the IRS.

FIRSTLINE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY
OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Financial Statement Presentation

For the year ended June 30, 2016, **FirstLine** followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, in the presentation of its financial statements. Under FASB ASC Section 958-205, **FirstLine** is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. In addition, **FirstLine** is required to present a statement of cash flows.

A description of the three net asset categories is as follows:

- o Unrestricted net assets include support, revenues, and expenses for the general operations of **FirstLine**.
- o Temporarily restricted net assets include contributions for which donor-imposed restrictions have not been met.
- o Permanently restricted net assets are contributions which are required by donor-imposed restriction to be held in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At June 30, 2016, **FirstLine** had no temporarily and permanently restricted net assets.

Pledges Receivable

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, 2016.

FIRSTLINE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY
OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Contributions

FirstLine accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition*, in accounting for contributions received and contributions made. In accordance with FASB ASC Section 958-605, contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and nature of any donor imposed restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Minimum Foundation Program (MFP)

As Type 5 charter schools, Ashe, Green, Wheatley, Clark and Hughes received funding from BESE in an amount for pupils based on estimated daily attendance of pupils at the schools. The amount of funding received is adjusted during the school year based on the October 1st and February 1st student counts and the results of any audits performed.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program and support services in the accompanying statement of activities.

FIRSTLINE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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. 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, 2016:

Land	\$ 152,504
Building improvements	1,970,706
Equipment	2,001,442
Construction-in-progress	<u>242,680</u>
Total property and equipment	4,367,332
Less: accumulated depreciation	<u>(3,143,565)</u>
Net property and equipment	<u>\$ 1,223,767</u>

For the year ended June 30, 2016, depreciation expense was \$312,986.

FIRSTLINE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - RISK MANAGEMENT:

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

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

NOTE 4 - 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. Total uninsured cash balances at June 30, 2016 were \$2,118,267.

NOTE 5 - 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 6 - IN-KIND CONTRIBUTIONS:

FirstLine received rent-free use of school buildings and certain furniture and equipment from the Louisiana Recovery School District for Ashe, Green, Wheatley, Clark and Hughes Charter Schools. The estimated values of the buildings, furniture and equipment were not readily determinable and no amounts have been recorded in the accompanying financial statements.

FIRSTLINE SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - IN-KIND CONTRIBUTIONS, CONTINUED:

FirstLine also receives donated services from a number of unpaid volunteers assisting **FirstLine** with its programs, activities, and operations. An estimated value of these services cannot be reasonably determined as a result of the variety of services provided by and the varying qualifications of the volunteers. Because the criteria for recognition under FASB ASC Section 958-605-25 have not been satisfied, these donated services are not recorded in the financial statements.

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS:

For the year ended June 30, 2016, net assets were released from donor restrictions in the amount of \$338,155 by incurring expenses satisfying the restricted purposes specified by donors for the Edible School Yard Program.

NOTE 8 - GRANTS RECEIVABLE:

At June 30, 2016, grants receivable consisted of the following sources:

Federal	\$ 931,273
State	13,820
Local	<u>125,937</u>
	<u>\$1,071,030</u>

NOTE 9 - 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, 2016, 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.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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, 2016.

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 1st, each year. MFP revenue accounts for 69% of **FirstLine's** total support for the year ended June 30, 2016.

SUPPLEMENTARY INFORMATION

FIRSTLINE SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE I

Federal Grantor/Program Name	Federal CFDA Number	Federal Expenditure
<u>U.S. Department of Education</u>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Passed-Through: LA State Department of Education</u>		
IASA Title I, Part A	84.010	\$ 2,063,566
IASA Title II, Part A	84.367	192,561
IASA Title III, Part A	84.031	12,717
IDEA, Part B	84.027	1,205,324
IDEA, Preschool	84.173	7,325
21st Century	84.287	415,018
State Personnel Development Grant	84.323	17,079
Striving Readers Comprehensive Literacy	84.371	818,371
School Improvement Grants (Section 1003(g) of the ESSEA)	84.377	725,887
Total LA State Department of Education		5,457,848
 <u>Passed-Through: New Schools for New Orleans</u>		
Teacher Incentive Fund	84.374	181,526
Total New Schools for New Orleans		181,526
Total U.S. Department of Education		5,639,374
 <u>U.S. Department of Agriculture</u>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Passed-Through: LA State Department of Education</u>		
Child Nutrition Cluster:		
National School Lunch Program and Breakfast Program	10.555, 10.553	3,320,339
Total U.S. Department of Agriculture		3,320,339
 <u>U.S. Department of Health and Human Services</u>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Passed-Through: Recovery School District</u>		
Temporary Assistance for Needed Families	93.558	261,666
Total U.S. Department of Health and Human Services		261,666
 <u>U.S. Department of Homeland Security</u>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Passed-Through: Governor's Office of Homeland</u>		
<u>Security and Emergency Preparedness</u>		
FEMA Disaster Relief	97.036	19,145
Total U.S. Department of Homeland Security		19,145
Total Expenditures of Federal Awards		\$ 9,240,524

NOTE: 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, 2016 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.

See Independent Auditors' Report on Supplementary Information.

FIRSTLINE SCHOOLS, INC.
COMBINING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2016

SCHEDULE II

	Edible School Yard	FirstLine Network Activity	Arthur Ashe Charter School	Samuel J. Green Charter School	Phillis Wheatley Charter School	Joseph S. Clark Charter School	Langston Hughes Academy Charter School	Eliminations	Total
ASSETS									
Cash and cash equivalents	\$ 14,305	\$ 2,131,827	\$ 45,180	\$ 13,212	\$ 7,104	\$ 4,748	\$ 75,672	\$ -	\$ 2,292,048
Cash held for others	-	51,298	12,603	14,314	8,216	7,812	24,654	-	118,897
Grants receivable	-	177,951	-	115,665	312,504	178,738	286,172	-	1,071,030
Other receivables	38,181	737,376	358,771	28,166	156,000	-	-	-	1,318,494
Due from other programs	-	344,439	1,806,591	494,847	76,030	139,699	1,151,354	(4,012,960)	-
Prepaid expenses	-	67,291	29,287	37,257	55,239	5,520	28,891	-	223,485
Other assets	-	4,854	-	24,060	9,644	-	15,139	-	53,697
Property and equipment, net	-	182,059	379,935	79,864	422,658	22,490	136,761	-	1,223,767
Total assets	\$ 52,486	\$ 3,697,095	\$ 2,632,367	\$ 807,385	\$ 1,047,395	\$ 359,007	\$ 1,718,643	\$ (4,012,960)	\$ 6,301,418
LIABILITIES AND NET ASSETS									
Liabilities:									
Accounts payable	\$ -	\$ 34,778	\$ 284,259	\$ 81,689	\$ 205,516	\$ 53,334	\$ 111,268	\$ -	\$ 770,844
Accrued liabilities	20,450	122,674	280,598	231,487	324,282	211,527	347,473	-	1,538,491
Funds held on behalf of others	-	51,298	12,603	14,314	8,216	7,812	24,654	-	118,897
Due to other programs	195,392	3,668,522	-	-	73,016	-	76,030	(4,012,960)	-
Total liabilities	215,842	3,877,272	577,460	327,490	611,030	272,673	559,425	(4,012,960)	2,428,232
Net Assets:									
Unrestricted	(163,356)	(180,177)	2,054,907	479,895	436,365	86,334	1,159,218	-	3,873,186
Total net assets	(163,356)	(180,177)	2,054,907	479,895	436,365	86,334	1,159,218	-	3,873,186
Total liabilities and net assets	\$ 52,486	\$ 3,697,095	\$ 2,632,367	\$ 807,385	\$ 1,047,395	\$ 359,007	\$ 1,718,643	\$ (4,012,960)	\$ 6,301,418

See Independent Auditors' Report on Supplementary Information.

FIRSTLINE SCHOOLS, INC.
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE III

	Edible School Yard	FirstLine Network Activity	Arthur Ashe Charter School	Samuel J. Green Charter School	Phillis Wheatley Charter School	Joseph S. Clark Charter School	Langston Hughes Academy Charter School	Eliminations	Total
REVENUES									
Local sources:									
Minimum Foundation Program	\$ -	\$ -	\$ 3,700,853	\$ 2,649,834	\$ 3,990,516	\$ 2,034,359	\$ 4,159,883	\$ -	\$ 16,535,445
Administrative fee revenue	-	3,514,512	-	-	-	-	-	(3,514,512)	-
Management Fee	-	85,848	-	-	-	-	-	-	85,848
Contributions-unrestricted	-	1,200,637	262,348	40,953	194,405	820,092	16,329	-	2,534,764
Contributions-temporarily restricted	338,155	-	-	-	-	-	-	-	338,155
Interest earnings	38	-	137	146	-	-	-	-	321
Charges for food services	-	43,581	578	838	1,707	1,396	965	-	49,065
Fundraising activities	206,636	-	-	-	-	-	-	-	206,636
Other	48	186,457	132,567	62,781	77,855	23,290	161,506	-	644,504
Total local sources	544,877	5,031,035	4,096,483	2,754,552	4,264,483	2,879,137	4,338,683	(3,514,512)	20,394,738
State sources:									
Minimum Foundation Program	-	-	2,873,600	2,283,894	2,698,155	1,933,415	3,232,211	-	13,021,275
Grants	-	-	64,223	20,861	94,977	-	129,941	-	310,002
Total state sources	-	-	2,937,823	2,304,755	2,793,132	1,933,415	3,362,152	-	13,331,277
Federal grants	-	444,433	1,910,102	1,219,863	2,087,389	1,246,845	2,331,892	-	9,240,524
Total revenues	544,877	5,475,468	8,944,408	6,279,170	9,145,004	6,059,397	10,032,727	(3,514,512)	42,966,539
EXPENSES									
Program Services:									
Instruction programs	-	515,714	4,378,602	3,491,929	4,505,285	3,569,237	5,290,428	-	21,751,195
Support Services:									
Pupil support services	-	110,461	587,804	573,491	422,366	501,824	535,259	-	2,731,205
Instructional staff services	927,388	550,019	2,437	315	-	556	-	-	1,480,715
School administration	-	2,871	637,587	707,327	985,355	911,338	865,727	-	4,110,205
Business services	1,178	3,624,402	52,951	37,673	13,784	38,951	41,453	-	3,810,392
Operations and maintenance	1,789	255,407	654,624	477,718	1,012,529	431,418	850,932	-	3,684,417
Student transportation services	-	-	656,036	494,373	805,311	549,694	723,723	-	3,229,137
Central services	-	334,324	1,302,660	341,508	676,308	-	1,153,332	(3,514,512)	293,620
Food services operations	-	-	775,208	347,831	793,775	219,959	606,304	-	2,743,077
Fundraising	36,955	-	-	-	-	-	-	-	36,955
Depreciation	-	6,293	83,880	30,246	75,998	23,985	92,584	-	312,986
Total expenses	967,310	5,399,491	9,131,789	6,502,411	9,290,711	6,246,962	10,159,742	(3,514,512)	44,183,904
Changes in net assets	(422,433)	75,977	(187,381)	(223,241)	(145,707)	(187,565)	(127,015)	-	(1,217,365)
Net assets, beginning of year	259,077	(256,154)	2,242,288	703,136	582,072	273,899	1,286,233	-	5,090,551
Net assets, end of year	\$ (163,356)	\$ (180,177)	\$ 2,054,907	\$ 479,895	\$ 436,365	\$ 86,334	\$ 1,159,218	\$ -	\$ 3,873,186

See Independent Auditors' Report on Supplementary Information.

FIRSTLINE SCHOOLS, INC.
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

SCHEDULE IV

	<u>Edible School Yard</u>	<u>FirstLine Network Activity</u>	<u>Arthur Ashe Charter School</u>	<u>Samuel J. Green Charter School</u>	<u>Phillis Wheatley Charter School</u>	<u>Joseph S. Clark Charter School</u>	<u>Langston Hughes Academy Charter School</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:								
Changes in net assets	\$ (422,433)	\$ 75,977	\$ (187,381)	\$ (223,241)	\$ (145,707)	\$ (187,565)	\$ (127,015)	\$ (1,217,365)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Depreciation expense	-	6,293	83,880	30,246	75,998	23,985	92,584	312,986
Changes in assets and liabilities:								
Increase in prepaid expense	-	(47,274)	(1,093)	(9,319)	(55,239)	(5,520)	(28,891)	(147,336)
(Increase) decrease in grants receivable	-	(266,895)	328,015	70,714	(9,065)	206,413	131,000	460,182
(Increase) decrease in other receivables	67,569	447,009	(295,907)	700	-	-	-	219,371
(Increase) decrease in other assets	-	(4,854)	1,611	-	-	-	-	(3,243)
(Increase) decrease in due from other programs	52,924	(344,439)	51,964	243,970	406,120	74,752	64,771	550,062
Increase (decrease) in accounts payable	-	(124,351)	(68,874)	(33,633)	(70,949)	(62,579)	(154,058)	(514,444)
Increase (decrease) in accrued liabilities	5,381	103,313	14,368	(3,199)	35,068	(47,238)	(4,280)	103,413
Decrease in funds held on behalf of others	-	(63,325)	(6,526)	(11,566)	(4,134)	(16,113)	(29,282)	(130,946)
Increase (decrease) in due to other programs	195,392	(894,500)	-	-	73,016	-	76,030	(550,062)
Net cash provided by (used in) operating activities	<u>(101,167)</u>	<u>(1,113,046)</u>	<u>(79,943)</u>	<u>64,672</u>	<u>305,108</u>	<u>(13,865)</u>	<u>20,859</u>	<u>(917,382)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Proceeds from sale of land	-	-	372,200	-	-	-	-	372,200
Purchases of property and equipment	-	(32,229)	(298,717)	(65,528)	(304,255)	-	(30,882)	(731,611)
Net cash provided by (used in) investing activities	<u>-</u>	<u>(32,229)</u>	<u>73,483</u>	<u>(65,528)</u>	<u>(304,255)</u>	<u>-</u>	<u>(30,882)</u>	<u>(359,411)</u>
Increase (decrease) in cash and cash equivalents	(101,167)	(1,145,275)	(6,460)	(856)	853	(13,865)	(10,023)	(1,276,793)
Cash and cash equivalents, beginning of year	115,472	3,328,400	64,243	28,382	14,467	26,425	110,349	3,687,738
Cash and cash equivalents, end of year	<u>\$ 14,305</u>	<u>\$ 2,183,125</u>	<u>\$ 57,783</u>	<u>\$ 27,526</u>	<u>\$ 15,320</u>	<u>\$ 12,560</u>	<u>\$ 100,326</u>	<u>\$ 2,410,945</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, 2016

SCHEDULE V

Chief Executive Officer Name: Mr. Jay Altman

<u>Purpose</u>	<u>Amount</u>
Salary	\$153,000
Benefits – insurance	5,142
Benefits – retirement	9,180
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	901
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.

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, 2016, and the related statements of activities 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, 2016.

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.

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
(CONTINUED)

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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*.

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
(CONTINUED)

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
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 21, 2016

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

We have audited the compliance of **FirstLine Schools, Inc. (FirstLine)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **FirstLine's** major federal programs for the year ended June 30, 2016. **FirstLine's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

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

(CONTINUED)

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **FirstLine's** major federal programs based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **FirstLine's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **FirstLine's** compliance.

Opinion on Each Major Federal Program

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, 2016.

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

(CONTINUED)

Report on Internal Control Over Compliance

Management of **FirstLine** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **FirstLine's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **FirstLine's** 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 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.

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

(CONTINUED)

Report on Internal Control Over Compliance, Continued

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 21, 2016

FIRSTLINE SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

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.**

FIRSTLINE SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS, CONTINUED

J. Major programs:

U.S. Department of Education:

IASA Title I, - CFDA No. 84.010
21st Century - CFDA No. 84.287

U. S. Department of Agriculture

Child Nutrition Cluster - CFDA No. 10.558
- CFDA No. 10.553
- CFDA No. 10.555

K. Dollar threshold used to distinguish between Type A and Type B programs:
\$750,000.

L. Auditee qualified as a low-risk auditee: **No.**

**SECTION II - FINDINGS RELATING TO THE FINANCIAL
STATEMENTS REPORTED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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, 2016

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

2015-001- Time Reports

We recommended that **FirstLine** follow its written procedures to review and approve all time reports and that such review and approval to be documented.

Current Status

Resolved.

SECTION II - INTERNAL CONTROL AND COMPLIANCE
MATERIAL TO FEDERAL AWARDS

2015-002 - Duplicate Costs Reimbursement Requests

We recommended that **FirstLine** design and implement procedures to ensure that duplicate grant reimbursement requests are not made to grant programs.

Current Status

Resolved.

SECTION III - MANAGEMENT LETTER

No matters reported.

FIRSTLINE SCHOOLS, INC.

EXIT CONFERENCE

The audit report was discussed during the course of the audit and at an exit conference held with management of **FirstLine**. The individuals who participated in those discussions were as follows:

FIRSTLINE SCHOOLS, INC.

Mr. Joseph E. Neary	--	Chief Operating Officer
Mr. Brett G. Hunt	--	Director of Finance

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Larry Jones, CPA	--	Director
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FIRSTLINE SCHOOLS, INC.

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

FOR THE YEAR ENDED JUNE 30, 2016

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Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

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

To the Board of Directors
FirstLine Schools, Inc.

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of **FirstLine Schools, Inc. (FirstLine)** and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). Management of **FirstLine** is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described on pages 2 to 6 either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of **FirstLine**, the Louisiana Department of Education, the Louisiana Recovery School District, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 21, 2015

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following 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.

Education Levels of Public School Staff (SCHEDULE 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers" (SCHEDULE 4) to the combined total number of full-time classroom teachers per this schedule and to **FirstLine's** supporting payroll records as of October 1, 2015.

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

Education Levels of Public School Staff (SCHEDULE 2), Continued

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (SCHEDULE 4) to the combined total of principals and assistant principals per this schedule.

No differences noted.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2015 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

In nine (9) instances, we were not provided documentation to support the education level reported on Schedule 2.

Management's Response

FirstLine recognizes the importance of collecting and maintaining evidence of the educational attainment of all its employees. We have a procedure for the Talent Management and Human Resource departments to collect and maintain an official transcript for all educational levels of personnel as part of the on boarding process. To ensure compliance with the on boarding process, periodic audits (quarterly) of new hires will be conducted to ensure all transcripts are collected and missing transcripts are followed up on until they are collected.

Number and Type of Public Schools (SCHEDULE 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

**Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
(SCHEDULE 4)**

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2015 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

No differences noted.

Public School Staff Data: Average Salaries (SCHEDULE 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No differences noted.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

Class Size Characteristics (SCHEDULE 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample of 10 classes to the October 1, 2015 roll books for those classes and determined if the class was properly classified on the schedule.

FirstLine did not provide us with roll books for our sample selection of 10 classes. Therefore, we could not trace our random sample of 10 classes to the October 1, 2015 roll books for those selected classes and also we could not determine if the class was properly classified on the schedule.

Management's Response

FirstLine believes that our internal records are accurate. Although the Student Information System software that **FirstLine** utilizes, which is a widely adopted Student Information System software title across Louisiana and the country, isn't designed to keep history this way. **FirstLine** has contracted with its vendor for that software (at a significant cost) and we have a snapshot of data from the exact date we reported it to the State as of October 1, 2015. However, this snapshot of data has a small variance compared to the State's data. Although, we believe that our internal information is 100% accurate, we cannot do a true reconciliation because we do not get enough detail from the State to perform such reconciliation. If the State can provide any detail to the information they publish (and ideally the exact list of students they are including in each class size calculation), we could do a true reconciliation and see where the discrepancy is, but as of now the vague information we receive from the State is simply not enough to do a true reconciliation.

Louisiana Educational Assessment Program (LEAP) (SCHEDULE 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **FirstLine**.

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

Graduation Exit Exam (GEE) (SCHEDULE 8)

11. This schedule is not applicable because the Graduate Exit Exam is no longer administered.

iLEAP Tests (SCHEDULE 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **FirstLine**.

No differences noted.

FIRSTLINE SCHOOLS, INC.
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA)

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 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph.D. or Ed.D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

SCHEDULE 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

SCHEDULE 4 - Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

FIRSTLINE SCHOOLS, INC.
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA), CONTINUED

SCHEDULE 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teachers salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

SCHEDULE 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20; 21-26, 27-33, and 34+students. This data is currently reported to the Legislature in the Annual School Report (ASR).

SCHEDULE 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by school for grades 3, 4, 5, 6, 7 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

SCHEDULE 8 - The Graduation Exit Exam (GEE)

This schedule is not applicable because the Graduate Exit Exam is no longer administered.

SCHEDULE 9 - iLEAP Tests

This schedule represents student performance testing data and includes school summary scores for grades 3, 4, 5, 6, 7 and 8 in each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2015**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	13,074,724	
Other Instructional Staff Activities		1,901,941	
Employee Benefits		2,822,468	
Purchased Professional and Technical Services		2,528,863	
Instructional Materials and Supplies		856,216	
Instructional Equipment		348,114	
Total Teacher and Student Interaction Activities	\$		21,532,326

Other Instructional Activities 218,869

Pupil Support Activities	2,731,205	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		2,731,205

Instructional Staff Services	1,480,715	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,480,715

School Administration	4,110,205	
Less: Equipment for School Administration	-	
Net School Administration		4,110,205

Total General Fund Instructional Expenditures \$ 30,073,320

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$	-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue	\$	-

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property	\$	-

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$	-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes	\$	-

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

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

Education Levels of Public School Staff
As of October 1, 2015

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0%	1	1%	0	0%	0	0%
Bachelor's Degree	86	77%	116	82%	2	25%	9	64%
Master's Degree	24	22%	19	13%	4	50%	5	36%
Master's Degree +30	0	0%	0	0%	2	25%	0	0%
Specialist in Education	0	0%	0	0%	0	0%	0	0%
Ph.D. or Ed.D.	1	1%	5	4%	0	0%	0	0%
Total	111	100%	141	100%	8	100%	14	100%

Note: Due to rounding, certain percentage totals may not equal 100%.

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

Number and Type of Public Schools
For the Year Ended June 30, 2016

Type	Number
Elementary:	4
Middle/Jr. High	
Secondary	1
Combination	
Total	5

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

Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2015

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ yrs.	Total
Assistant Principals	0	0	8	1	0	2	0	11
Principals	0	0	4	3	2	1	1	11
Classroom Teachers	107	55	70	11	3	5	1	252
Total	107	55	82	15	5	8	2	274

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

**Public School Staff Data: Average Salaries
For the Year Ended June 30, 2016**

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 46,640	\$ 46,640
Average Classroom Teachers' Salary Including Extra Compensation	\$ 46,866	\$ 46,866
Number of Teachers' Full-time Equivalents (FTEs) used in Computation of Average Salaries	208	208

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

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

Class Size Characteristics
As of October 1, 2015

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	13%	97	13%	93	60%	434	1%	9
Elementary Activity Classes	2%	16	2%	11	8%	57	1%	7
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High	61%	114	23%	44	10%	18	0%	0
High Activity Classes	5%	9	0%	1	0%	1	0%	1
Combination								
Combination Activity Classes								

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.

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

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2016

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	3%	2%	3%	8%
Mastery	23%	23%	16%	31%	29%	15%
Basic	25%	30%	40%	38%	22%	48%
Approaching Basic	29%	28%	18%	19%	26%	17%
Unsatisfactory	23%	18%	23%	10%	19%	12%
Total	100%	99%	100%	100%	99%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	2%	1%	0%	11%
Mastery	27%	25%	20%	25%	16%	23%
Basic	35%	41%	42%	34%	32%	40%
Approaching Basic	27%	26%	20%	30%	32%	16%
Unsatisfactory	10%	8%	16%	9%	20%	10%
Total	100%	100%	100%	99%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	1%	1%	1%	0%	3%
Mastery	23%	19%	16%	16%	12%	10%
Basic	36%	33%	37%	40%	26%	59%
Approaching Basic	27%	30%	29%	32%	44%	18%
Unsatisfactory	13%	18%	16%	12%	18%	10%
Total	100%	101%	99%	101%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2%	1%	0%	2%	1%	8%
Mastery	23%	29%	20%	19%	17%	15%
Basic	39%	44%	46%	28%	34%	58%
Approaching Basic	24%	14%	23%	34%	39%	15%
Unsatisfactory	11%	12%	10%	17%	10%	5%
Total	99%	100%	99%	100%	101%	101%

Note: Testing data for English and Mathematics in 2015 reflects summary scores for the PARCC test, which replaced the LEAP in those categories.

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2016

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2%	2%	4%	1%	1%	5%
Mastery	26%	22%	13%	24%	20%	11%
Basic	30%	42%	52%	37%	42%	63%
Approaching Basic	27%	23%	24%	30%	27%	15%
Unsatisfactory	14%	11%	6%	8%	10%	6%
Total	99%	100%	99%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2016	2015	2014	2016	2015	2014
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	3%	4%	2%	3%	5%
Mastery	42%	33%	12%	28%	24%	6%
Basic	31%	35%	47%	28%	22%	54%
Approaching Basic	14%	20%	36%	28%	30%	23%
Unsatisfactory	8%	9%	2%	15%	21%	12%
Total	99%	100%	101%	101%	100%	100%

Note: Testing data for English and Mathematics in 2015 reflects summary scores for the PARCC test, which replaced the LEAP in those categories.

The Graduate Exit Exam for the 21st Century
For the Year Ended June 30, 2016

The Graduation Exit Examination is no longer administered. Therefore, this schedule is as applicable.

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

Louisiana Educational Assessment Program (iLEAP)
For the Year Ended June 30, 2016

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	1%	N/A	0%	1%
Mastery	6%	6%	6%	N/A	4%	6%
Basic	40%	37%	37%	N/A	38%	43%
Approaching Basic	37%	39%	38%	N/A	30%	29%
Unsatisfactory	16%	17%	19%	N/A	27%	21%
Total	100%	99%	101%	N/A	99%	100%

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	N/A	0%	0%
Mastery	6%	2%	8%	N/A	2%	4%
Basic	38%	46%	39%	N/A	41%	49%
Approaching Basic	46%	36%	42%	N/A	32%	29%
Unsatisfactory	10%	16%	12%	N/A	25%	18%
Total	100%	100%	101%	N/A	100%	100%

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	N/A	0%	2%
Mastery	6%	5%	7%	N/A	10%	8%
Basic	46%	33%	42%	N/A	38%	59%
Approaching Basic	32%	36%	36%	N/A	28%	20%
Unsatisfactory	17%	26%	15%	N/A	24%	11%
Total	101%	100%	100%	N/A	100%	100%

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	1%	N/A	5%	7%
Mastery	8%	9%	9%	N/A	11%	23%
Basic	41%	39%	52%	N/A	45%	52%
Approaching Basic	32%	38%	30%	N/A	29%	15%
Unsatisfactory	19%	14%	9%	N/A	10%	3%
Total	101%	100%	101%	N/A	100%	100%

Note 1: In 2015-2016, a Social Studies field test was administered in place of the operational Social Studies test.

Note 2: In 2015-2016, LEAP was administered for Science.

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

Louisiana Educational Assessment Program (iLEAP)
For the Year Ended June 30, 2016

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	1%	3%	N/A	5%	7%
Mastery	15%	9%	17%	N/A	15%	20%
Basic	36%	42%	46%	N/A	42%	49%
Approaching Basic	27%	31%	28%	N/A	24%	18%
Unsatisfactory	21%	17%	7%	N/A	15%	5%
Total	99%	100%	101%	N/A	101%	99%

District Achievement Level Results	Science			Social Studies		
	2016	2015	2014	2016	2015	2014
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	N/A	0%	1%
Mastery	8%	7%	8%	N/A	8%	13%
Basic	37%	34%	46%	N/A	44%	49%
Approaching Basic	40%	31%	36%	N/A	28%	31%
Unsatisfactory	14%	28%	10%	N/A	19%	7%
Total	99%	100%	100%	N/A	99%	101%

Note 1: In 2015-2016, a Social Studies field test was administered in place of the operational Social Studies test.

Note 2: In 2015-2016, LEAP was administered for Science.

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