



**Office of the Washington State Auditor
Pat McCarthy**

May 25, 2023

Board of Directors
PRIDE Prep Schools
Spokane, Washington

**Contracted CPA Firm's Audit Report on Financial Statements and
Federal Single Audit**

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the financial statements and compliance with federal grant requirements of the PRIDE Prep Schools for the fiscal year ended August 31, 2022. The Charter Public School contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements or the PRIDE Prep Schools compliance with federal grant agreements and, accordingly, we do not express an opinion on those financial statements or on compliance.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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August 31, 2022

PRIDE Prep Schools

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Independent Auditor's Report

The Board of Trustees
PRIDE Prep Schools
Spokane, Washington

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of PRIDE Prep Schools as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise PRIDE Prep Schools' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of PRIDE Prep Schools as of August 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 and Note 10 to the financial statements, PRIDE Prep Schools has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended August 31, 2022. Accordingly, a restatement has been made to the September 1, 2021 balances of right-of-use assets and lease obligations. There was no restatement of beginning fund balance or net position as of September 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 PRIDE Prep Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PRIDE Prep Schools' 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 PRIDE Prep Schools' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund, the Schedule of Employer's Share of Net Pension Liability/(Asset) and the Schedule of Employer Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PRIDE Prep Schools' basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2023, on our consideration of PRIDE Prep Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PRIDE Prep Schools' 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 PRIDE Prep Schools internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Sallie LLP". The signature is written in a cursive, flowing style.

Spokane, Washington
February 20, 2023

Overview

The following Management's Discussion and Analysis (MD&A) is required supplemental information under the Governmental Accounting Standards Board (GASB) reporting model. PRIDE Prep Schools (the Organization) MD&A presents an overview of its financial condition and results of operations for the fiscal year ended August 31, 2022. The MD&A's purpose is to aid readers in understanding the accompanying financial statements through analysis of the Organization's financial activities based on currently known facts and conditions. This MD&A should be read in conjunction with the accompanying financial statements and footnote disclosures.

Financial Highlights

In fiscal year 2022, net change in fund balances in the general fund was approximately \$1,500,000 compared to \$1,163,000 in fiscal year 2021. General fund balance as of August 31, 2022 was \$2,960,000 compared to \$1,460,000 as of August 31, 2021.

Management is encouraged by the strong retention of students during the initial years of the pandemic, as evidenced by the increase in general fund revenue from the prior year. Enrollment and budget monitoring will be continued areas of emphasis in the coming years. Steady enrollment will continue to allow the school to serve and empower its students.

Government-Wide Financial Analysis

Government-wide financial statements provide readers with a broad overview of the Organization's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents all of the Organization's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as Net Position. Changes in net position over time serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The Statement of Activities shows how the Organization's net position changed during the current year. These statements are prepared using the accrual basis of accounting, similar to the method used by private-sector businesses. Accrual accounting considers all of the year's revenues and expenses, regardless of when the cash is received or paid.

Change in Net Position tells the reader whether the financial position of the Organization has improved or diminished. However, in evaluating the overall position of the Organization, nonfinancial information (such as changes in the Organization's student count) will also need to be considered.

Statement of Net Position

The following is a summary of the statement of net position as of August 31, 2022 and 2021:

	2022	2021*
Current Assets	\$ 3,158,283	\$ 1,814,543
Capital and Right-of-Use Assets	7,166,623	7,867,321
Net Pension Asset	128,972	1,378,073
Total Assets	<u>10,453,878</u>	<u>11,059,937</u>
Deferred Outflows of Resources	<u>1,113,969</u>	<u>773,293</u>
Current Liabilities	932,260	827,170
Long-Term Liabilities	7,147,920	8,877,061
Net Pension Liability	805,055	313,896
Total Liabilities	<u>8,885,235</u>	<u>10,018,127</u>
Deferred Inflows of Resources	<u>660,676</u>	<u>2,114,137</u>
Net investment in capital assets	(111,801)	254,071
Restricted - net pension asset	724,958	479,454
Unrestricted	<u>1,408,779</u>	<u>(1,032,559)</u>
Total Net Position	<u>\$ 2,021,936</u>	<u>\$ (299,034)</u>

*The 2021 column has been restated to include the implementation of GASB 87

Assets include the Organization's cash, accounts receivable, prepaid expenses, capital and right-of-use assets, and net pension asset. Total assets decreased \$610,000 primarily due to depreciation and amortization of capital and right-of-use assets as well as net pension asset, offset by an increase in current assets from strong operations during the year. Management expects assets to increase moving forward as the Organization continues to grow.

Liabilities include amounts payable to vendors for goods and services, advanced revenues, long-term debt, and net pension liability. Total liabilities decreased approximately \$1,133,000 from prior year, driven primarily by a decrease in the Paycheck Protection Program due to loan forgiveness of \$959,000. There was also approximately \$508,000 of principal payments on long-term debt and lease obligations, offset by an increase in net pension liability of \$491,000.

Deferred outflow and inflow of resources relates to pension obligations, which were the result of changes in contributions activity and updates in assumptions.

Total net position increased as a result of operations as discussed in the statement of activities.

Statement of Activities

The following is a summary of the statement of activities for the years ended August 31, 2022 and 2021:

	2022	2021
Revenues		
Charges for services	\$ 39,306	\$ 46,077
Operating grants and contributions	1,850,909	845,578
State sources	8,106,001	7,350,179
Other	965,953	1,111
Total revenues	<u>10,962,169</u>	<u>8,242,945</u>
Expenditures		
Instruction	4,945,167	4,739,353
Support Services	3,696,032	2,770,488
Total expenditures	<u>8,641,199</u>	<u>7,509,841</u>
Change in Net Position	<u>\$ 2,320,970</u>	<u>\$ 733,104</u>

Revenues include charges for services relating to food and uniforms, operating grants and contributions, state revenues, and other. Operating grants consist primarily of grants from the various private organizations and federal grants, with an overall increase in the amount of grants in 2022 of \$1,005,000. Revenue from state sources increased \$756,000 over 2021 as headcount continues to rise. Other revenues increased \$965,000 due primarily to forgiveness of paycheck protection program loan.

Expenditures are separated into instructions and support services. Instruction relates to the primary teaching mission of the Organization while support services include administrative and other operating costs. Instruction expenditures increased \$206,000 and support services increased \$926,000 over 2021. The increase in headcount and growth of the school continues to require a strong system to support the overall needs of the Organization. Management expects overall costs to level off in future periods.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities. Like other governments, the Organization uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

All the funds of the Organization are considered governmental funds. Governmental funds account for essentially the same functions reported as Governmental Activities on the government-wide financial statements. Most of the Organization's basic services are reported in these funds, with the focus on how money flows into and out of the funds and what year-end balances remain available for spending.

These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the Organization's general government operations and the basic services being provided, along with the financial resources available.

The focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, so it is useful to compare the two. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances facilitate this comparison between Governmental Funds and Governmental Activities.

Fund balance in the general fund as of August 31, 2022 was \$2,960,000, compared to \$2,022,000 in Governmental Activities net position. This difference is due to net pension amounts and related deferred inflow and outflows, capital and right-of-use assets, long-term debt, and lease obligations, which are not included in modified accrual accounting.

Changes in fund balances for the general fund for the year ended August 31, 2022 was \$1,500,000 compared to \$2,321,000 in Governmental Activities. This difference is due to the pension activity, capital asset expenditures, and long-term debt activity.

Capital and Right-of-Use Assets

	2022	2021*	Change
Equipment	\$ 171,095	\$ 179,989	\$ (8,894)
Computer Equipment	664,347	635,326	29,021
Leasehold Improvements	400,397	400,397	-
Curriculum	26,006	26,006	-
Right-of-Use Buildings	7,349,235	7,349,235	-
	8,611,080	8,590,953	20,127
Less Accumulated Depreciation and Amortization	1,444,457	723,632	720,825
Net Capital Assets	<u>\$ 7,166,623</u>	<u>\$ 7,867,321</u>	<u>\$ (700,698)</u>

*The 2021 column has been restated to include the implementation of GASB 87

As of August 31, 2022 and 2021, the Organization had approximately \$7,167,000 and \$7,867,000, respectively, invested in capital and right-of-use assets, net of accumulated depreciation and amortization. More detailed information about the Organization's capital and right-of-use assets is presented in Note 3 and 4 to the financial statements.

Long-Term Liabilities

Total long-term debt as of August 31, 2022 and 2021, was \$827,000 and \$1,041,000, respectively, excluding the PPP loan of \$959,000 at August 31, 2021. The outstanding debt consists of cash advanced for leasehold improvements in 2018, and cash advanced from the Washington State Charter Schools Association in 2020 and 2021 to assist in current operational cash flow.

Lease obligations as of August 31, 2022 and 2021, was \$7,055,000 and \$7,349,000, respectively. The outstanding amount at August 31, 2022, consists of capital lease obligations for the Organization's location in Spokane. More detailed information about the Organization's long-term obligations is presented in Notes 5 through 7 to the financial statements.

Budgetary Highlights

The Board of Directors adopts the annual operating budget for the Organization effective September 1st, consistent with the upcoming school year. The total budgeted revenue for 2022 was \$8,541,000, of which \$8,450,000 was state and federal sources. Final total revenues were \$10,005,000, with state and federal sources being \$1,422,000 over budget, and other sources being \$42,000 over budget.

Instructional expenditures were approximately \$763,000 under budget and support services were approximately \$744,000 over budget, as the Organization continues to need a strong support structure.

Economic Outlook

The Organization continues to focus on student and overall growth as it continues to expand overall operations, and is monitoring its cash flow and budget very closely moving forward.

Management believes the Organization is well positioned to grow into a strong financial position and to continue to provide excellent service to its students. Management will continue to maintain a close watch over resources and expenses to ensure that the Organization's finances are sustainable for future growth.

PRIDE Prep Schools
Statement of Net Position
August 31, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,882,031
Accounts receivable	140,443
Prepaid expenses and supplies	135,809
Capital assets, net of accumulated depreciation	382,714
Right-of-use assets, net of accumulated amortization	6,783,909
Net pension asset	128,972
Total assets	<u>10,453,878</u>
Deferred Outflows of Resources	
Relating to pensions	<u>1,113,969</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 11,567,847</u>
Liabilities	
Accounts payable and other accrued expenses	\$ 180,333
Advanced revenue	17,609
Long-term debt, due within one year	405,905
Long-term debt, less amounts due within one year	421,253
Lease obligations, due within one year	328,413
Lease obligations, less amounts due within one year	6,726,667
Net pension liability	805,055
Total liabilities	<u>8,885,235</u>
Deferred Inflows of Resources	
Relating to pensions	<u>660,676</u>
Net Position	
Net investment in capital assets	(111,801)
Restricted - net pension asset	724,958
Unrestricted	1,408,779
Total net position	<u>2,021,936</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 11,567,847</u>

PRIDE Prep Schools
Statement of Activities
Year Ended August 31, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 4,945,167	\$ -	\$ 997,215	\$ (3,947,952)
Support services	<u>3,696,032</u>	<u>39,306</u>	<u>853,694</u>	<u>(2,803,032)</u>
Total governmental activities	<u>\$ 8,641,199</u>	<u>\$ 39,306</u>	<u>\$ 1,850,909</u>	<u>(6,750,984)</u>
General Revenues				
State sources				8,106,001
Other				6,548
Paycheck Protection Program loan forgiveness				<u>959,405</u>
Change in Net Position				2,320,970
Net Position, Beginning of Year				<u>(299,034)</u>
Net Position, End of Year				<u>\$ 2,021,936</u>

PRIDE Prep Schools
Balance Sheet – Governmental Funds
August 31, 2022

	General Fund
Assets	
Cash and cash equivalents	\$ 2,882,031
Accounts receivable	140,443
Prepaid expenses and supplies	<u>135,809</u>
Total Assets	<u>\$ 3,158,283</u>
Liabilities	
Accounts payable	\$ 180,333
Advanced revenue	<u>17,609</u>
Total liabilities	<u>197,942</u>
Fund Balances	
Nonspendable	135,809
Unassigned	<u>2,824,532</u>
Total fund balances	<u>2,960,341</u>
Total Liabilities and Fund Balances	<u>\$ 3,158,283</u>

PRIDE Prep Schools
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
August 31, 2022

Total fund balance - total governmental funds	\$ 2,960,341
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital and right-of-use assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	
These assets consist of the following:	
Cost of capital assets	1,261,845
Accumulated depreciation	(879,131)
Right-of-use assets	7,349,235
Accumulated amortization	(565,326)
Net pension asset is a long-term asset which is not recongized on the governmental statements.	128,972
Deferred outflows of resources related to pension accruals not reported in the funds.	1,113,969
Long-term liabilities, applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities.	
These liabilities consist of the following:	
Long-term debt	(827,158)
Lease obligations	(7,055,080)
Net pension liability	(805,055)
Deferred inflows of resources related to pension accruals not reported in the funds.	<u>(660,676)</u>
Total net position of governmental activities	<u><u>\$ 2,021,936</u></u>

PRIDE Prep Schools
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended August 31, 2022

	General Fund
Revenues	
State apportionment	\$ 8,106,001
Federal grants and contracts	1,766,096
Grants and contributions	84,813
Charges for services	39,306
Other income	9,125
	<u>10,005,341</u>
Total revenues	
Expenditures	
Instructional	
Regular instruction	1,883,177
Federal special purpose	943,168
Special education	875,048
Compensatory education	759,644
Other	121,394
	<u>4,582,431</u>
Total instructional	
Support Services	
District-wide support	1,945,048
School food services	268,316
Pupil transportation	699,267
Capital outlay	29,021
Lease payments - principal	294,155
Lease payments - interest	450,996
Debt service - principal	214,237
Debt service - interest	21,876
	<u>3,922,916</u>
Total support services	
Total expenditures	<u>8,505,347</u>
Net Change in Fund Balances	1,499,994
Fund Balances, Beginning of Year	<u>1,460,347</u>
Fund Balances, End of Year	<u><u>\$ 2,960,341</u></u>

PRIDE Prep Schools

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Year Ended August 31, 2022

Net change in fund balances - total governmental funds	\$ 1,499,994
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets are
allocated over their estimated useful lives as depreciation and
amortization expense. In the current period, these amounts are:

Capital outlay	29,021
Gain on sale of equipment	(2,577)
Depreciation expense	(161,816)
Amortization expense	(565,326)

Repayment of principal on long-term debt and lease obligations
is an expenditure in the governmental funds but reduces the
liability in the statement of net position.

508,392

Paycheck Protection Program loan forgiveness is recognized as revenue
in the statement of activity, but has no impact in the governmental funds

959,405

Pension expense related to changes in the deferred outflows,
net pension liability, and deferred inflows.

53,877

Change in Net Position of Governmental Activities

\$ 2,320,970

Note 1 - Summary of Significant Accounting Policies

Entity and Charter

PRIDE Prep Schools (the Organization) is organized as a nonprofit corporation providing public charter school educational services as authorized by Section 392 of Washington Code.

Washington Code requires charter schools to comply with the same government reporting requirements imposed on traditional public school districts, i.e. – on a governmental, rather than nonprofit, basis of accounting. Additionally, enabling legislation creates charter schools as public entities, i.e. – as public schools, subject to provisions common with other governmental entities as set forth in Washington Code. Accordingly, the Organization’s basis of presentation follows the governmental, rather than nonprofit, reporting model.

Financial Reporting Entity

The accompanying financial statements present the activities of the Organization. The Organization receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the Organization is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are volunteers and have decision-making authority, the power to designate management, the ability to significantly influence operation, and the primary accountability for fiscal matters. In addition, the Organization’s reporting entity does not contain any component units.

Basis of Presentation

The Organization follows Governmental Accounting Standards Board (GASB) in determining the reporting entity and component units. The financial reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds, and agencies of the primary government whose budgets are controlled or whose boards are appointed by the Organization’s Board of Directors.

The accounts of the Organization are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the Organization. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through intergovernmental revenues and other nonexchange transactions.

The Statement of Activities: presents a comparison between direct expenses and program revenues for each function of the Organization's governmental activities.

- Direct expenses - those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses - expenses of the general government related to the administration and support of the Organization's programs, such as personnel and accounting, are allocated to programs based on their percentage of total primary government expenses.
- Program revenues - include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Organization's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Organization only maintains a General Fund.

General Fund: This is the Organization's primary operating fund. It accounts for all financial resources of the Organization, except those required to be accounted for in another fund.

Basis of Accounting

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Organization receives value without directly giving equal value in return, include state apportionment, grants, and donations. Revenue from state apportionment, grants, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Organization considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

Cash and Cash Equivalents

The School considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. Cash balances that are restricted and not expected to be expended within the subsequent year are classified as noncurrent assets.

Prepaid Expenses

Prepaid balances are for payments made by the Organization in the current year to provide services occurring in the subsequent year, and the reserve for these balances has been recorded to signify that a portion of the fund balance is not available for other subsequent expenditures.

Capital Assets

Capital assets are stated at cost when purchased or constructed, or if donated, at the estimated acquisition value at the date of the gift. The Organization's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations and improvements to buildings that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Right-of-use leased assets are recognized at the lease commencement date and represent the Organization's right to use an underlying asset for the lease term. Right-of-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period on the leases is approximately 13 years.

Accounts Payable

Accounts payable represent operating liabilities that will be paid in the next billing cycle.

Advanced Revenue

Advanced revenue represents funds collected from the state prior to any expense being incurred, and therefore revenue has not yet been recognized.

Lease Obligations

Lease obligations represent the Organization's obligation to make lease payments arising from its leases. These liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on an incremental borrowing rate determined by the Organization.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the various pension plans and additions to/deducted from the fiduciary net position have been determined on the same basis as they are reported by the Base Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Organization's deferred outflows and inflows relate to the net pension asset and liability.

Fund Balances of Fund Financial Statements

Fund balances of the governmental funds are classified as follows:

- Nonspendable fund balance – amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. This consists of prepaid expenses.
- Restricted fund balance – amounts that can be spent only for specific purposes because of the sponsoring organization, state or federal laws or externally imposed conditions by grantors or creditors. This consists of the net pension asset and related deferred inflows and outflows of resources at August 31, 2022.
- Committed fund balance – amounts constrained to specific purposes by the Organization itself, using its highest level of decision-making authority (i.e. Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Organization takes the same highest level action to remove or change the constraint. The Organization did not have any committed fund balance at August 31, 2022.

- Assigned fund balance – amounts the Organization intends to use for a specified purpose. Intent can be expressed by the Board of Directors or by a principal if the Board of Directors delegates the authority. The Organization did not have any assigned fund balance at August 31, 2022.
- Unassigned fund balance – amounts that are available for any purpose.

There is no formal policy regarding the use of fund balances, as the Organization has only maintained unassigned funds historically. However, moving forward it is the Organization's intent that when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the Organization's intent is to apply restricted balance first. When an expenditure is incurred for purposes for which restricted, committed, assigned, and unassigned fund balances are available, the Organization's intent is to apply restricted fund balance, then committed fund balance, then assigned fund balance, and then unassigned fund balances.

Net position is the difference between the Organization's total assets and deferred outflows and total liabilities and deferred inflows. Net position is subdivided into three categories: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets represents capital and right-of-use assets, less accumulated depreciation and amortization, and outstanding principal of capital asset related debt. Net position subject to restrictions by external parties is categorized as restricted. This category represents net pension asset.

Revenues

Entitlements and shared revenues (which include state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier, if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria has been met.

Other receipts become measurable and available when the transaction occurs and cash is received by the Organization.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2022. The Organization files a Form 990 in the U.S. federal jurisdiction.

Implementation of GASB Statement No. 87

As of September 1, 2021, the Organization adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard is disclosed in Note 10 and the additional disclosure required by this standard are included in Notes 4 and 7.

Note 2 - Deposits and Custodial Credit Risk

The Organization maintains the majority of its cash balances in one financial institution in Spokane, Washington. As of August 31, 2022, the carrying amount of the Organization's deposits was \$2,882,031, and the respective bank balances totaled \$2,883,608. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times the Organization's cash deposits are in excess of the FDIC limit and for this reason, the Organization has chosen a large, stable, and reputable financial institution to mitigate risk. At August 31, 2022, the Organization's uninsured cash balances totaled \$2,614,835, with the remaining \$268,773 insured by FDIC.

Note 3 - Capital Assets

Capital asset activity for the year ended August 31, 2022 is as follows:

Governmental Activities	Balance August 31, 2021	Additions	Disposals	Balance August 31, 2022
Capital assets, being depreciated				
Equipment	\$ 179,989	\$ -	\$ (8,894)	\$ 171,095
Computer equipment	635,326	29,021	-	664,347
Leasehold Improvements	400,397	-	-	400,397
Curriculum	26,006	-	-	26,006
Total capital assets, being depreciated	1,241,718	29,021	(8,894)	1,261,845
Less accumulated depreciation	(723,632)	(161,816)	6,317	(879,131)
	<u>\$ 518,086</u>	<u>\$ (132,795)</u>	<u>\$ (2,577)</u>	<u>\$ 382,714</u>

Depreciation expense totaled \$87,182 and \$74,634, charged to instruction and support services, respectively, for the year ended August 31, 2022.

Note 4 - Right-of-Use Assets

Right-of-use asset activity for the year ended August 31, 2022 is as follows:

Governmental Activities	Restated Balance August 31, 2021	Additions	Retirements	Balance August 31, 2022
Right-of-use assets - Building leases	\$ 7,349,235	\$ -	\$ -	\$ 7,349,235
Less accumulated amortization	-	(565,326)	-	(565,326)
	<u>\$ 7,349,235</u>	<u>\$ (565,326)</u>	<u>\$ -</u>	<u>\$ 6,783,909</u>

Amortization expense totaled \$304,581 and \$260,745, charged to instruction and support services, respectively, for the year ended August 31, 2022.

Note 5 - Long-Term Debt

Long-term debt activity for the year ended August 31, 2022 is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Note payable to Growler Corporation payable in monthly installments of \$4,371, including interest at 4.75% through July, 2027, uncollateralized	\$ 264,015	\$ -	\$ (40,671)	\$ 223,344	\$ 42,464
Note payable to WA State Charter Schools Assoc, \$30,000 payable on or before August 1, 2021, \$170,000 payable on or before October 1, 2022, remaining due on or before August 1, 2023, no interest, \$75,000 forgiven if certain conditions are met, uncollateralized	327,380	-	(75,000)	252,380	252,380
Note payable to WA State Charter Schools Assoc, payable in monthly installments of \$9,861, including interest at 2.5% through August, 2025, uncollateralized	450,000	-	(98,566)	351,434	111,061
Paycheck Protection Program (PPP) loan	959,405	-	(959,405)	-	-
Total long-term liabilities	<u>\$ 2,000,800</u>	<u>\$ -</u>	<u>\$ (1,173,642)</u>	<u>\$ 827,158</u>	<u>\$ 405,905</u>

Future payments on long-term debt are as follows:

<u>Years Ended August 31,</u>	
2023	\$ 405,905
2024	158,394
2025	173,191
2026	49,356
2027	40,312
	<u>\$ 827,158</u>

See Note 6 for information on the Paycheck Protection Program Loan and payment terms.

Note 6 - Paycheck Protection Program (PPP) Loan

The Organization was granted a \$959,405 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. The Organization applied for forgiveness and was granted full forgiveness on November 30, 2021.

Note 7 - Lease Obligations

The Organization leases its premises under a long-term lease through 2034, with escalating payments through the course of the agreement. At August 31, 2022, the Organization has recognized lease obligations relating to this lease. The School uses an interest rate of 6.25%, which is based on the Organization's incremental borrowing rate at the inception of the lease.

Lease obligation activity for the year ended August 31, 2022 is as follows:

	Restated Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Lease obligations	<u>\$ 7,349,235</u>	<u>\$ -</u>	<u>\$ (294,155)</u>	<u>\$ 7,055,080</u>	<u>\$ 328,413</u>

Future payments on lease obligations is as follows:

<u>Years Ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 328,413	\$ 431,641	\$ 760,054
2024	365,181	410,074	775,255
2025	404,627	386,132	790,759
2026	446,931	359,645	806,576
2027	492,279	330,427	822,706
2028-2032	3,263,191	1,103,834	4,367,025
2033-2034	<u>1,754,458</u>	<u>117,074</u>	<u>1,871,532</u>
Total minimum obligations	<u>\$ 7,055,080</u>	<u>\$ 3,138,827</u>	<u>\$ 10,193,907</u>

Note 8 - Pension Plans

General Information

The Legislature has established various pension plans for employees in Washington State. These plans include:

- Public Employees' Retirement System (PERS) – established in chapters 41.34 and 41.40 RCW
- School Employee's Retirement System (SERS) – established in chapters 41.34 and 41.35 RCW
- Teachers' Retirement System (TRS) – established in chapters 41.32 and 41.34 RCW

The Washington State Department of Retirement Systems (DRS), a department within the primary government of the state of Washington, prepares a stand-alone comprehensive annual financial report that includes financial statements and required supplementary information for each pension plan. The pension plan's basic financial statement is accounted for using the accrual basis of accounting. The measurement date of the pension plans is June 30. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of pension plans administered by DRS and additions to/deductions from the plans' net position have been determined on the same basis as they are reported by the plans.

Detailed information about the pension plans' fiduciary net position is available in the separately issued DRS ACFR. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, P.O. Box 48380, Olympia, WA 98504-8380; or online at <http://www.drs.wa.gov>.

Administration

Substantially all the Organization's full-time and qualifying part-time employees participate in TRS or SERS, which are contributory, multi-employer, cost-sharing statewide retirement systems managed by the Washington State DRS. While the Organization does not have any members who participate in PERS, the Organization is allocated a proportionate share of liability for the plans as required by the Legislature.

PERS

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. The Organization does not have any members or share of liability in plans 2/3 and 3.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are calculated as 2% times the member's Average Final Compensation (AFC) times the member's years of service. AFC is the average of the member's 24 consecutive highest-paid service credit months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service or at age 60 with at least five years of service.

PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from inactive status before the age of 65 may also receive actuarially reduced benefits. Other benefits include duty and nonduty disability payments, an optional Cost-of-Living Adjustment (COLA), and a duty-related death benefit, if the Washington State Department of Labor & Industries determines the member eligible.

SERS

SERS is composed of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan, and SERS Plan 3 is a defined benefit plan with a defined contribution component.

Although employees can be a member of only Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

SERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits for Plan 2 are calculated as 2% times the member's AFC times the member's years of service for Plan 2. Retirement benefits for Plan 3 are calculated using 1% times the member's AFC times the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months.

Members are eligible for retirement with a full benefit at age 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. SERS members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age for each year before age 65. SERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen.

Other SERS Plan 2/3 benefits include duty and nonduty disability payments; a COLA based on the Consumer Price Index, capped at 3% annually; and a duty-related death benefit, if the Washington State Department of Labor & Industries determines the member eligible.

TRS

TRS is composed of three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

Although members can be a member of only Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as the terms of the plans define. Therefore, Plan 2/3 is considered a single plan for accounting purposes.

TRS Plan 1 provides retirement, disability and death benefits. Retirement benefits are calculated using 2% of the member's AFC times the member's years of service up to a maximum of 60%. AFC is the average of the member's 24 consecutive highest-paid service credit months.

Members are eligible for retirement at any age after 30 years of service, at age 60 with five years of service or at age 55 with 25 years of service. Other benefits include temporary and permanent disability payments, an optional COLA, and a one-time, duty-related death benefit, if the Washington State Department of Labor & Industries finds the member eligible.

Contributions

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon the rates set by the Legislature. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at 6 percent and does not vary from year to year. The employer rate is the same for all plans in a system. The methods used to determine the contribution requirements are established under chapters 41.40, 41.32, and 41.35 RCW for PERS, TRS and SERS, respectively.

Employee contribution rates, expressed as a percentage of payroll covered for 2022 were as follows:

Plan	Rate
PERS 1	6.00%
TRS 1	6.00%
TRS 2	8.05%
TRS 3	N/A
SERS 2	7.76%
SERS 3	N/A

Employer contribution rates, expressed as a percentage of payroll covered for 2022 were as follows:

Plan	Rate
PERS 1	10.25%
SERS 2/3	11.65%
TRS 1	14.42%
TRS 2/3	14.42%

Note: The DRS administrative rate of 0.18% is included.

Under current law the employer must contribute 100 percent of the employer-required contribution. Employer required contributions in dollars:

Plan	Contributions
PERS 1	\$ 25,564
SERS 2/3	33,197
TRS 1	185,884
TRS 2/3	217,096

Collective Net Pension Liability (Asset)

The collective net pension liabilities (assets) for the pension plans the Organization participated in are reported in the following tables. Net Pension Liability as of June 30, 2022:

	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Total Pension Liability	\$ 11,877,621,000	\$ 8,478,821,000	\$ 8,739,146,000	\$ 22,946,845,000
Plan fiduciary net position	(9,093,254,000)	(8,747,471,000)	(6,837,316,000)	(23,143,631,000)
Participating employers' net pension liability (asset)	2,784,367,000	(268,650,000)	1,901,830,000	(196,786,000)
Plan fiduciary net position as a percentage of the total pension liability	76.56%	103.17%	78.24%	100.86%

The Organization's Proportionate Share of the Net Pension Liability (NPL) and Net Pension Asset (NPA)

At August 31, 2022, the Organization reported a total liability of \$805,055 and a total asset of \$128,972 for its proportionate shares of the individual plans' collective net pension amounts. The Organization's proportionate share of the collective net pension liability is based on annual contributions for each of the employers participating in the DRS administered plans.

At August 31, 2022, the Organization's proportionate share of each plan's net pension liability (asset) is reported below:

	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Proportionate share of Net Pension Liability (Asset)	0.004171%	0.021751%	0.036224%	0.035845%
	\$ 116,136	\$ (58,434)	\$ 688,919	\$ (70,538)

Actuarial Assumptions

Capital Market Assumptions (CMAs) and expected rates of return by asset class are provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in the selection of the long-term expected rate of return for reporting purposes.

The total pension liabilities for PERS 1, SERS 2/3, TRS 1, and TRS 2/3 were determined by actuarial valuation as of June 30, 2021, with the results rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75% total economic inflation, 3.25% salary inflation
Salary increases	In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.00%

Mortality Rates

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (active, retiree, or survivor), as the base table. The Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's CMAs.

The CMAs contain three pieces of information for each class of assets the WSIB currently invest in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The Office of the State Actuary (OSA) selected a 7.00 percent long-term expected rate of return on pension plan investments. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered CMAs and simulated expected investment returns the WSIB provided. See the 2021 Report on Financial Condition and Economic Experience Study on the OSA website for additional Notes to the Financial Statements information on how this assumption was selected.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%

The inflation component used to create the above table is 2.20 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions described in our Certification Letter, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00% on pension plan investments was applied to determine the total pension liability.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Pension Plans reported collective Deferred Outflows of Resources and collective Deferred Inflows of Resources related to the individual plans. At August 31, 2022, the Organization reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 19,247
	Deferred Outflows of Resources	Deferred Inflows of Resources
SERS 2/3		
Difference between expected and actual experiences	\$ 48,314	\$ -
Net difference between projected and actual earnings on pension plan investments	-	86,244
Changes in assumptions or other inputs	66,077	4,763
Changes in proportion and differences between contributions and proportionate share of contributions	41,373	3,589
Contributions subsequent to the measurement date	9,642	-
	\$ 165,406	\$ 94,596
	Deferred Outflows of Resources	Deferred Inflows of Resources
TRS 1		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 123,446

TRS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 351,463	\$ 7,089
Net difference between projected and actual earnings on pension plan investments	-	373,080
Changes in assumptions or other inputs	397,382	43,218
Changes in proportion and differences between contributions and proportionate share of contributions	128,493	-
Contributions subsequent to the measurement date	71,225	-
	<u>\$ 948,563</u>	<u>\$ 423,387</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

Years Ended August 31	PERS 1	SERS 2/3	TRS 1	TRS 2/3
2023	\$ (8,145)	\$ 6,389	\$ (52,338)	\$ (50,978)
2023	(7,398)	2,500	(47,586)	(35,256)
2024	(9,280)	(14,805)	(59,848)	(68,266)
2025	5,576	49,115	36,326	228,799
2026	-	16,356	-	100,764
Thereafter	-	1,613	-	278,888

Pension Expense

The Organization recognizes a pension expense for its proportionate share of the collective pension expense. This is determined by using the Organization's proportionate share of the collective net pension liability. For the year ending August 31, 2022, the Organization recognized a total pension expense (benefit) as follows:

PERS 1	\$ (18,247)
SERS 2/3	(23,524)
TRS 1	209,874
TRS 2/3	<u>(221,980)</u>
Total	<u>\$ (53,877)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The table below presents the Organization's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate. Amounts are calculated by plan using the Organization's allocation percentage.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1 Net Pension Liability	\$ 155,156	\$ 116,136	\$ 82,081
SERS 2/3 Net Pension Liability (Asset)	\$ 202,104	\$ (58,434)	\$ (273,176)
TRS 1 Net Pension Liability	\$ 935,466	\$ 688,919	\$ 473,405
TRS 2/3 Net Pension Liability (Asset)	\$ 1,277,920	\$ (70,538)	\$ (1,166,815)

Historical trend information showing TRS and PERS progress in accumulating sufficient assets to pay benefits when due is presented in the State of Washington's June 30, 2022 annual comprehensive financial report (ACFR). Refer to this report for detailed trend information. It is available at <http://www.drs.wa.gov/administration/annual-report/> or from State of Washington Office of Financial Management, 300 Insurance Building, PO Box 43113, Olympia, WA 98504-3113.

Note 9 - Concentrations

The Organization's principal source of support is state based support revenue. For the year ended August 31, 2022, this funding source accounted for approximately 81% of all revenues.

Note 10 - Adoption of New Standard

As of September 1, 2021, the Organization adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-of-use of an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. As a result of implementing this standard, the School recognized lease obligations and right-of-use assets of \$7,349,235 as of September 1, 2021. As a result of these adjustments there was no effect on beginning fund balance or net position. The additional disclosure required by this standard is included in Note 4 and 7.



Required Supplementary Information
August 31, 2022

PRIDE Prep Schools

PRIDE Prep Schools

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
Year Ended August 31, 2022

	Budget Original and Final	Actual	Variance
Revenues			
State apportionment	\$ 7,319,411	\$ 8,106,001	\$ 786,590
Federal grants and contracts	1,130,759	1,766,096	635,337
Grants and contributions	91,129	84,813	(6,316)
Charges for services	-	39,306	39,306
Other	-	9,125	9,125
Total revenues	8,541,299	10,005,341	1,464,042
Expenditures			
Instructional			
Regular instruction	2,992,512	1,883,177	1,109,335
Federal special purpose	600,000	943,168	(343,168)
Special education	1,040,951	875,048	165,903
Compensatory education	693,314	759,644	(66,330)
Other	18,491	121,394	(102,903)
Total instructional	5,345,268	4,582,431	762,837
Support Services			
District-wide support	2,327,151	2,690,199	(363,048)
School food services	218,488	268,316	(49,828)
Pupil transportation	382,423	699,267	(316,844)
Capital outlay	-	29,021	(29,021)
Debt service payments	251,145	236,113	15,032
Total support services	3,179,207	3,922,916	(743,709)
Total expenditures	8,524,475	8,505,347	19,128
Net Change in Fund Balances	\$ 16,824	\$ 1,499,994	\$ 1,444,914

PRIDE Prep Schools
Schedule of Employer's Share of Net Pension Liability/(Asset)
Year Ended August 31, 2022

Schedule of Employer's Share of Net Pension Liability

		As of the measurement date of June 30,					
		2022	2021	2020	2019	2018	2017
PERS 1							
Employer's proportionate share of the net pension liability		0.004171%	0.005963%	0.005925%	0.006160%	0.004538%	0.002761%
Employer's proportion share of the net pension liability	\$	116,136	\$ 72,822	\$ 209,184	\$ 236,874	\$ 202,678	\$ 131,033
Employer's covered payroll	\$	540,859	\$ 761,506	\$ 1,024,651	\$ 608,701	\$ 608,701	\$ 348,236
Employer's proportional share of the net pension liability as a percentage of its covered payroll		21.5%	9.6%	20.4%	38.9%	33.3%	37.6%
Plan fiduciary net position as a percentage of the total pension liability		76.6%	88.7%	68.6%	67.1%	63.2%	61.2%
SERS 2/3							
Employer's proportionate share of the net pension liability		0.021751%	0.036048%	0.033733%	0.035761%	0.027755%	0.017046%
Employer's proportion share of the net pension asset	\$	(58,434)	\$ (387,046)	\$ 179,447	\$ 83,859	\$ 83,003	\$ 84,117
Employer's covered payroll	\$	540,859	\$ 761,506	\$ 1,024,651	\$ 608,701	\$ 608,701	\$ 348,236
Employer's proportional share of the net pension liability as a percentage of its covered payroll		-10.8%	-50.8%	17.5%	13.8%	13.6%	24.2%
Plan fiduciary net position as a percentage of the total pension liability		103.2%	114.2%	92.4%	96.3%	94.8%	90.8%
TRS 1							
Employer's proportionate share of the net pension liability		0.036224%	0.035805%	0.026846%	0.022173%	0.019997%	0.012637%
Employer's proportion share of the net pension liability	\$	688,919	\$ 241,074	\$ 646,663	\$ 548,960	\$ 584,017	\$ 382,050
Employer's covered payroll	\$	2,814,905	\$ 2,386,226	\$ 2,178,297	\$ 1,588,782	\$ 1,182,969	\$ 709,814
Employer's proportional share of the net pension liability as a percentage of its covered payroll		24.5%	10.1%	29.7%	34.6%	49.4%	53.8%
Plan fiduciary net position as a percentage of the total pension liability		78.2%	91.4%	70.6%	70.4%	66.5%	65.6%
TRS 2/3							
Employer's proportionate share of the net pension asset		0.035845%	0.036053%	0.027053%	0.022462%	0.020343%	0.012946%
Employer's proportion share of the net pension liability	\$	(70,538)	\$ (991,027)	\$ 415,529	\$ 135,341	\$ 91,565	\$ 119,484
Employer's covered payroll	\$	2,814,905	\$ 2,386,226	\$ 2,178,297	\$ 1,588,782	\$ 1,182,969	\$ 709,814
Employer's proportional share of the net pension liability as a percentage of its covered payroll		-2.5%	-41.5%	19.1%	8.5%	7.7%	16.8%
Plan fiduciary net position as a percentage of the total pension liability		100.9%	113.7%	91.7%	96.4%	96.9%	93.1%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, PRIDE Prep Schools will present information for those use for which information is available.

PRIDE Prep Schools
Schedule of Employer Contributions
Year Ended August 31, 2022

Schedule of Employer's Contributions

	As of the report date of August 31					
	2022	2021	2020	2019	2018	2017
PERS 1						
Statutorily required contribution	\$ 25,564	\$ 44,417	\$ 42,944	\$ 44,171	\$ 16,611	\$ 16,611
Contributions in relation to the statutorily required contribution	\$ 25,564	\$ 44,417	\$ 42,944	\$ 44,171	\$ 16,611	\$ 16,611
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 535,850	\$ 673,416	\$ 1,044,735	\$ 1,009,986	\$ 608,701	\$ 348,236
Contributions as a percentage of the covered payroll	4.77%	6.60%	4.11%	4.37%	2.73%	4.77%
SERS 2/3						
Statutorily required contribution	\$ 33,197	\$ 79,643	\$ 76,522	\$ 73,879	\$ 23,088	\$ 23,088
Contributions in relation to the statutorily required contribution	\$ 33,197	\$ 79,643	\$ 76,522	\$ 73,879	\$ 23,088	\$ 23,088
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 535,850	\$ 673,416	\$ 1,044,735	\$ 1,009,986	\$ 608,701	\$ 348,236
Contributions as a percentage of the covered payroll	6.20%	11.83%	7.32%	7.31%	3.79%	6.63%
TRS 1						
Statutorily required contribution	\$ 185,884	\$ 196,789	\$ 140,984	\$ 110,116	\$ 44,221	\$ 44,221
Contributions in relation to the statutorily required contribution	\$ 185,884	\$ 196,789	\$ 140,984	\$ 110,116	\$ 44,221	\$ 44,221
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,923,872	\$ 2,420,705	\$ 2,286,030	\$ 1,621,179	\$ 1,182,969	\$ 709,814
Contributions as a percentage of the covered payroll	6.36%	8.13%	6.17%	6.79%	3.74%	6.23%
TRS 2/3						
Statutorily required contribution	\$ 217,096	\$ 245,496	\$ 175,450	\$ 120,957	\$ 90,439	\$ 47,700
Contributions in relation to the statutorily required contribution	\$ 217,096	\$ 245,496	\$ 175,450	\$ 120,957	\$ 90,439	\$ 47,700
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 2,923,872	\$ 2,420,705	\$ 2,286,030	\$ 1,621,179	\$ 1,182,969	\$ 709,814
Contributions as a percentage of the covered payroll	7.42%	10.14%	7.67%	7.46%	7.65%	6.72%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, PRIDE Prep Schools will present information for those use for which information is available.

Pension Plans

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. The actuarial methods and significant assumptions used in these valuations are available in the publicly available actuary reports for the three pension plans.

The Participating Employer Financial Information (PEFI) can be found at:

<https://www.drs.wa.gov/administration/annual-report/>

The Annual Comprehensive Financial Report (ACFR) can be found at:

<https://www.drs.wa.gov/administration/annual-report/>

The Actuarial Valuation can be found at:

<https://leg.wa.gov/osa/pensionfunding/Pages/valuations.aspx>

Basis of Budgetary Accounting

The Organization's legal budget is prepared on the modified accrual basis of accounting. The Budget and Actual schedules are prepared on the budgetary basis which agrees to Generally Accepted Accounting Principles (GAAP).



Single Audit Section
August 31, 2022

PRIDE Prep Schools



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
PRIDE Prep Schools
Spokane, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of PRIDE Prep Schools as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise PRIDE Prep Schools' basic financial statements and have issued our report thereon dated February 20, 2023.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PRIDE Prep Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Spokane, Washington

February 20, 2023



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
PRIDE Prep Schools
Spokane, Washington

Report on Compliance for the Major Federal Program

Opinion on The Major Federal Program

We have audited PRIDE Prep Schools' 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 PRIDE Prep Schools' major federal program for the year ended August 31, 2022. PRIDE Prep Schools' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, PRIDE Prep Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2022.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of PRIDE Prep Schools 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 the major federal program. Our audit does not provide a legal determination of PRIDE Prep Schools' 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 PRIDE Prep Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding PRIDE Prep Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of PRIDE Prep Schools' 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 PRIDE Prep Schools' internal control over compliance. Accordingly, no such opinion is expressed.

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


Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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


Spokane, Washington
February 20, 2023

PRIDE Prep Schools
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Number	Federal Expenditures
U.S. Department of Education			
Pass-Through Programs			
Washington Office of Superintendent of Public Instruction			
Title I Grants to Local Educational Agencies	84.010	204065	\$ 271,335
Student Support and Academic Enrichment Program	84.424	525434	10,000
Supporting Effective Instruction State Grants	84.367	525434	28,706
Special Education Cluster			
Special Education Grants to States	84.027	307557	119,645
Special Education Grants to States - COVID19	84.027	312128	34,742
Total Special Education Cluster			<u>154,387</u>
Education Stabilization Fund			
COVID-19 Elementary & Secondary Emergency Relief Fund	84.425D	120598	792,151
Total Education Stabilization Fund			<u>792,151</u>
Total U.S. Department of Education			<u>1,256,579</u>
U.S. Department of Agriculture			
Pass-Through Programs			
Washington Office of Superintendent of Public Instruction			
Child Nutrition Cluster			
National School Lunch Program	10.555	None	285,018
Total Child Nutrition Cluster			<u>285,018</u>
Total U.S. Department of Agriculture			<u>285,018</u>
Federal Communications Commissions			
Direct Programs			
Emergency Connectivity Fund Program	32.009		32,340
Universal Service Funds - Schools and Libraries	32.004		7,200
Total Federal Communications Commissions			<u>39,540</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of PRIDE Prep Schools under programs of the federal government for the year ended August 31, 2022. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the PRIDE Prep Schools, it is not intended to and does not present the financial position, changes in net position, or fund balance of PRIDE Prep Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

PRIDE Prep Schools has not elected to use the 10% de minimis cost rate.

PRIDE Prep Schools
Schedule of Findings and Questioned Costs
Year Ended August 31, 2022

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance:	No
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Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number</u>
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Education Stabilization Fund	
COVID-19 Elementary & Secondary Emergency Relief Fund	84.425D

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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Section II – Findings – Financial Statement Audit

There were no findings relating to the financial statement audit.

Section III -Findings and Questioned Costs – Major Federal Award Programs Audit

No findings noted.