

SUCCESS SCHOOL
dba Arizona Charter Academy
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021

Success School
dba Arizona Charter Academy

TABLE OF CONTENTS

June 30, 2021

	<u>Page</u>
Independent Auditor's Report	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expense	5
Statement of Cash Flows	6
Notes to Financial Statements	7
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 <i>Government Auditing Standards</i>	14
SINGLE AUDIT REPORTS:	
Schedule of Expenditures of Federal Awards	16
Notes to Schedule of Expenditures of Federal Awards	17
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance	18
Schedule of Findings and Questioned Costs	20
Financial Statement Findings	20
Federal Award Findings and Questioned Costs	20



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Success School
dba Arizona Charter Academy
Surprise, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements Success School, dba Arizona Charter Academy (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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 Success School dba Arizona Charter Academy as of June 30, 2021, 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.

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, as required by Title 2 U.S. *Code of Federal Regulations* 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. 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2021, on our consideration of Success School dba Arizona Charter Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Success School dba Arizona Charter Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Success School dba Arizona Charter Academy's internal control over financial reporting and compliance.



Mara G. Mann, CPA
Phoenix, AZ
October 27, 2021



Success School
dba Arizona Charter Academy

STATEMENT OF FINANCIAL POSITION

As of June 30, 2021

ASSETS

Current Assets:

Cash	\$	3,002,253
Due from government		<u>39,273</u>
Total Current Assets		3,041,526

Fixed Assets:

Land		1,306,778
Buildings and improvements		13,974,543
Vehicles, furniture and equipment		1,980,323
Less: accumulated depreciation		(6,001,154)
Construction work in progress		<u>2,805,584</u>
Total Fixed Assets		<u>14,066,074</u>

Total Assets \$ 17,107,600

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	238,881
Accrued wages, related taxes and benefits		394,563
Accrued interest		36,976
Current portion of long-term debt - Note 4		<u>495,717</u>
Total Current Liabilities		1,166,137

Long-Term Debt - Net of current portion -- Note 4 13,856,374

Total Liabilities 15,022,511

NET ASSETS

Net Assets Without Donor Restrictions		2,077,499
Net Assets With Donor Restrictions -- Note 5		<u>7,590</u>

Total Liabilities and Net Assets \$ 17,107,600

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

Success School
dba Arizona Charter Academy

STATEMENT OF ACTIVITIES

For the Year Ending June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET DEFICIT			
Support and Revenue:			
State equalization program	\$ 6,512,252		\$ 6,512,252
Federal funds for specific programs		\$ 1,969,480	1,969,480
State funds for specific programs	56,004	861,989	917,993
Contributions	21,915	19,704	41,619
Food	1,903		1,903
Rent	2,400		2,400
Interest and other	130,820		130,820
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>2,851,102</u>	<u>(2,851,102)</u>	
Total Support and Revenue, net	9,576,396	71	9,576,467
Expenses:			
Program Services:			
Academic programs	8,076,731		8,076,731
Support Services:			
Fundraising	61,871		61,871
Administration	<u>602,715</u>		<u>602,715</u>
Total Expenses	<u>8,741,317</u>		<u>8,741,317</u>
Increase in Net Assets	835,079	71	835,150
NET ASSETS AT BEGINNING OF YEAR	<u>1,242,420</u>	<u>7,519</u>	<u>1,249,939</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,077,499</u>	<u>\$ 7,590</u>	<u>\$ 2,085,089</u>

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

Success School
 dba Arizona Charter Academy

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ending June 30, 2021

	Program Services - Academic	Support Services		Total
		Fundraising	Administration	
Salaries and wages	\$ 3,947,582		\$ 397,108	\$ 4,344,690
Payroll taxes and benefits	1,302,967		100,771	1,403,738
Advertising	61,099			61,099
Communications	63,208			63,208
Curriculum	249,096			249,096
Depreciation	376,647			376,647
Dues and fees	46,469			46,469
Extracurricular	26,758	\$ 17,683		44,441
Food and food services	242,744			242,744
Interest	690,542			690,542
Insurance	49,961			49,961
Information technology	1,786			1,786
Miscellaneous	31,564	12,812		44,376
Printing	41,573			41,573
Professional services			40,980	40,980
Purchased services	273,406	15,218	48,841	337,465
Purchased property services	25,759		2,232	27,991
Repairs and maintenance	111,830			111,830
Supplies	412,009	16,158	7,011	435,178
Travel	2,295		5,772	8,067
Utilities, water and sewer	119,436			119,436
	\$ 8,076,731	\$ 61,871	\$ 602,715	\$ 8,741,317

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

Success School
dba Arizona Charter Academy

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – ORGANIZATION AND PURPOSE

Organization: Success School dba Arizona Charter Academy (the “School”) is an Arizona nonprofit corporation, incorporated on March 2, 2001, that provides educational services to students in kindergarten through 8th grade. Success operates in Surprise, Arizona, under a charter contract with the Arizona State Board for Charter Schools (expiring June 30, 2035), which mandates policy and operational guidelines. The School's mission is to empower all students to be responsible, productive and successful citizens.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions. These net assets classifications are described as follows:

Net Assets Without Donor Restriction - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or locations by action of the Board of Directors.

Net Assets With Donor Restriction - subject to donor-imposed stipulations that may be fulfilled by actions of the School to meet the stipulations or become unrestricted at the date specified by the donor.

Income Tax Status

The School is an organization exempt from income taxation under Section 501(a) as an entity described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended. It is not classified as a private foundation. The School's informational returns are subject to examination generally for three years after they are filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and Cash Equivalents

The School considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Equalization and Grants Receivable

Equalization and Grants Receivable include amounts due to the School for services and awarded by the State of Arizona and the federal government. Based upon historical records, the School considers the risk of nonpayment insignificant and there is no allowance for uncollectable amounts.

Debt Issuance Costs

Debt issuance costs related to a recognized debt liability are presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Property and Equipment

It is the School's policy to capitalize property and equipment over \$500. Purchased property and equipment is capitalized at cost. Donations of property and equipment are at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service. The School reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets.

The estimated lives used in determining depreciation and amortization are:

Buildings and improvements	5-45 years
Vehicles, furniture and equipment	3-5 years

Support and Revenue

Support and revenue consist mainly of equalization payments from the State of Arizona and Federal and State grants. These amounts are recorded as increases in net assets without donor restrictions when promised to the School. It is the policy of the School to record contributions with donor restrictions as contributions with restrictions and to release those restrictions in the period in which they were met.

The School uses volunteers in all of its varieties of programs. Contributed services are reported as contributions at their fair value if such services create or enhance non-financial assets or would have been purchased if not provided by contribution, and which require specialized skills provided by individuals possessing such skills. There was no material contributed services meeting these criteria for 2021.

Advertising

Advertising costs are expensed as incurred.

Donations-In-Kind

Material donations-in-kind items received by the School are recorded as income along with a corresponding charge to expense or capitalized cost. There were no material in-kind donations during 2021.

Success School
dba Arizona Charter Academy

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The School strives to maintain liquid financial assets sufficient to cover 60 days of general expenditures. Financial assets in excess of daily cash requirements are not invested but are maintained in the School's revolving accounts.

The following reflects the School's financial assets available within one year of the statement of financial position dates for general expenditures as follows:

Cash	\$3,002,253
Accounts and grants receivable	39,273
Less amounts restricted for use by donor	<u>(7,590)</u>
	<u>\$3,033,936</u>

NOTE 4 – LONG-TERM DEBT

Long-term debt at June 30, 2021 consists of:

Education facility revenue bonds (Series 2014) were issued by the Industrial Development Authority of the City of Phoenix, Arizona (the IDA) in the aggregate principal amount of \$11,550,000. The proceeds of the bonds were loaned to the School pursuant to a loan agreement dated March 1, 2014. Of the aggregate principal amount \$7,900,000 was designated to refund prior IDA bonds. This portion of the total loan matures over 25 years with a stated interest rate of 4.0%. Monthly payments of principal and interest are \$42,010. The loan is secured by a deed of trust on real property.

Less allocated issuance cost	\$6,374,365
Loan, less unamortized debt issuance costs	<u>(53,943)</u>
	<u>6,320,422</u>

Education facility revenue bonds (Series 2014) were issued by the Industrial Development Authority of the City of Phoenix, Arizona (the IDA) in the aggregate principal amount of \$11,550,000. The proceeds of the bonds were loaned to the School pursuant to a loan agreement, dated March 1, 2014. Of the aggregate principal amount, \$3,650,000 was designated as draw down funds for the construction of additional education facilities. For the first-year interest accrued only on principal amounts drawn down. Monthly principal and interest payments of \$19,977 began after the first year's draw down period. This portion of the total loan matures over 25 years with a stated interest rate of 4.06%. The loan is a secured by a deed of trust on real property.

Less allocated issuance cost	3,020,339
Loan, less unamortized debt issuance costs	<u>(24,789)</u>
	<u>2,995,550</u>

Success School
dba Arizona Charter Academy

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

NOTE 4 – LONG-TERM DEBT (Continued)

\$3,080,000 promissory note payable to RAZA Development Fund, Inc., dated March 1, 2014. The note matures over 10 years. Interest only payments at 6.0 % were due monthly during the first year. After the first year, \$19,844 monthly payments of principal and interest at 6.0% are due. The loan proceeds were used by the School for the following purposes i) refinancing existing bond financing and ii) construction of additional educational facilities. The loan is secured by a deed of trust on real property.

Less allocated issuance cost

Loan, less unamortized debt issuance costs

2,657,289

(21,170)

2,636,119

A \$2,400,000 promissory note payable to a bank, dated September 16, 2020. The note matures over 25 years. Interest only payments are due the first year at 3.75%. After the first year, \$12,750 monthly payments of principal and interest at 3.75% are due. The loan proceeds were used by the School to refinance a temporary construction loan used in the construction of additional education facilities. The loan is secured by a deed of trust on real property.

2,400,000

Total long-term debt

14,352,091

Less, current portion of long-term debt

(495,717)

Long-term debt, net of current portion

\$13,856,374

Future maturities of long-term debt, are as follows, for the years ending June 30:

2022	\$ 495,717
2023	532,045
2024	2,940,599
2025	486,936
2026	509,748
Thereafter	<u>9,387,046</u>
Total	<u>\$14,352,091</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Temporarily restricted net assets at June 30 are for Title IV related expenditures.

Success School
dba Arizona Charter Academy

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Federal Deposit Insurance Corporation (FDIC) secures accounts in insured institutions up to \$250,000 per depositor. The account balances may exceed FDIC insured limits at various times throughout the year. The School's cash account balances were fully insured by the FDIC at June 30, 2021.

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

Compliance:

The School's compliance with certain laws and regulations is subject to review by the State of Arizona, Office of the Auditor General and Department of Education. Such reviews could result in adjustments or withholdings of the School's State Equalization.

Operating Environment:

The School is subject to various claims, legal proceedings, and investigations covering a wide range of matters that arise in the ordinary course of business. In the opinion of management all such matters are adequately covered by insurance or by accruals, and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the School if disposed unfavorably.

NOTE 8 – ECONOMIC DEPENDENCY

Approximately 78% of the School's revenue for the year ended June 30, 2021 was derived from the State of Arizona through payments of State Equalization, Classroom Site Funds (Proposition 301), Instructional Improvement Funds Results Based Funding and Proposition 123 Funds. Funds that are paid from the State of Arizona are subject to funding approval from the State legislature. Changes in state funding levels for charter schools could have a significant impact on the School's future revenues.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description:

Permanent full-time and certain part-time employees of the School participate in a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

Funding Policy:

The Arizona State Legislature establishes and may amend active plan members' and the School's contribution rates. For the year ended June 30, 2021, active plan members and the School were each required to contribute at the actuarially determined rate of 12.22% (12.04% retirement and 0.18% long-term disability). The School's contributions to the System for the year ended June 30, 2021 was \$459,473, which was equal to the required contribution.

Success School
dba Arizona Charter Academy

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

NOTE 10 – RELATED PARTY TRANSACTIONS

The School conducted the following transactions and had the following outstanding balances with related parties:

A corporate board member of the School has an ownership interest in a construction company. The School paid \$89,640 to the construction company during the fiscal year ending June 30, 2021 and owed the construction company \$58,669 at June 30, 2021.

NOTE 11 – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) issued the following Accounting Standards Updates (ASU), which the School adopted during the year ended June 30, 2020.

ASU No. 2016-02

Leases (Topic 842) (“ASU 2016-02”), effective for fiscal years beginning after December 15, 2019, updates the existing accounting standards for recognizing and reporting leasing arrangements. The School adopted the standard for future leasing transactions. There are no current leasing arrangements for which the standard applies.

NOTE 12 – OPERATIONAL UNCERTAINTIES

Business and operations could be adversely impacted by health epidemics, including the recent viral outbreak.

In March 2020, the World Health Organization declared a viral pandemic. In addition, several states in the U.S., including Arizona, where the School is headquartered and operates, declared states of emergency as a result of this pandemic.

Students were required to attend school through alternative delivery methods from March 16, 2020 through the end of the school year and from the beginning of the current school year until it was determined safe and prudent to return to campus.

The School received full State equalization funding for the year ended June 30, 2020. For fiscal year ending June 30, 2021, funding is dependent upon membership and attendance rates. ESG and ESSER Grants under the CARES Stability Act have been made available to the school to be used for defined operating expenses.

Success School
dba Arizona Charter Academy

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2021

NOTE 12 – OPERATIONAL UNCERTAINTIES (Continued)

Potential impacts to the School’s business include, but are not limited to:

- Disruption or restriction of employees’ ability to work.
- Closure or restricted access to the campus where student education takes place.
- Facility utilization limitations related to social distancing.
- Requirements to conduct on-line learning.
- A need to redirect specific resources toward the viral outbreak.
- Travel restrictions imposed by governments, resulting in the inability to access the School’s facilities.
- Certain suppliers of materials used in the School’s business are located in areas impacted by the virus. This could limit the ability to obtain sufficient materials for daily programs.
- The pandemic could adversely affect the economics and financial markets of many countries; resulting in an economic downturn which could affect demand for certain resources and impact the School’s operations.

Any of the foregoing could harm the School’s financial position. At this time, management of the School cannot anticipate all the ways in which health epidemics could adversely impact the School. Management is continuing to monitor and assess the effects of the viral pandemic as it relates to the School. The ultimate impact of this viral outbreak or a similar health epidemic is highly uncertain and subject to change.

NOTE 13 – SUBSEQUENT EVENTS

The School did not have any other subsequent events through October 27, 2021, which is the date the financial statements were available to be issued and has concluded that no events have occurred since the year ended June 30, 2021, that would require recording or disclosure in the financial statements.



Mara G. Mann
Certified Public Accountant

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*

Board of Directors
Success School
dba Arizona Charter Academy
Surprise, Arizona

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 Success School, dba Arizona Charter Academy (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated October 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Success School, dba Arizona Charter Academy'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 Success School, dba Arizona Charter Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Success School, dba Arizona Charter Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Success School, dba Arizona Charter Academy'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.



Mara G. Mann, CPA
Phoenix, Arizona
October 27, 2021



Success School
dba Arizona Charter Academy

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass-through Grantor ID / Program Title	Federal CFDA Number	Federal Grant / (School ID Pass-through Number)	Total 2021 Expenditures
U.S. Department of Agriculture			
<i>Pass-through program from the State of Arizona Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	07-89-24	\$ 413,122
Total U.S. Department of Agriculture			413,122
U.S. Department of Education			
<i>Pass-through program from the State of Arizona Department of Education</i>			
Title I Grants to Local Education Agencies (LEAs)	84-010A	21FT1TTI-110537-01A	304,578
Special Education - Grants to States (IDEA, part B)	84.027A	21FESCBG-110537-09A	156,310
Title III English Language Acquisition State Grant	84.365	79999001	4,842
Title II Improving Teacher Quality	84.367A	21FT1TII-110537-03A	40,352
Title IV - A Student Support & Academic Enrichment	84.424A	21FT4TIV-110537-01A	24,193
ESF Section 1 - Elementary and Secondary Education Cluster			
Elementary and Secondary School Emergency Relief Fund - ESSER I	84.425D	21FESSII-110537-01A	238,816
Enrollment Stabilization Grant	84.425H	07-89-24	189,602
Elementary and Secondary School Emergency Relief Fund - ESSER II	84.425S	20FESSER-010537-01A	575,044
Total ESF Section 1 - Elementary and Secondary Education Cluster			1,003,462
Total U.S. Department of Education			1,533,737
Total Expenditures of Federal Awards			\$ 1,946,859

SUCCESS SCHOOL
dba Arizona Charter Academy

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Success School dba Arizona Charter Academy (the School), under programs of the federal government for the year ended June 30, 2021. The information in this Schedule 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 School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

NOTE 3 – CATELOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantors, the 2021 Compliance Supplement or the assistance listings search tool at www.SAMbeta.gov.

NOTE \$ -- INDIRECT COSTS RATE

The School has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.





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

Board of Directors
Success School
dba Arizona Charter Academy
Surprise, Arizona

Report on Compliance for Each Major Federal Program

We have audited Success School, dba Arizona Charter Academy's compliance with the types of compliance requirements described in the *OMG Compliance Supplement* that could have a direct and material effect on each of Success School, dba Arizona Charter Academy's major federal programs for the year ended June 30, 2021. Success School, dba Arizona Charter Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal status, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Success School, dba Arizona Charter Academy'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 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). 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 Success School, dba Arizona Charter Academy'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 a compliance for each major program. However, our audit does not provide a legal determination of Success School, dba Arizona Charter Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, Success School, dba Arizona Charter Academy 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, 2021.

Report on Internal Control over Compliance

Management of Success School, dba Arizona Charter Academy 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 Success School, dba Arizona Charter Academy'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 Success School, dba Arizona Charter Academy'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 governance.

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.

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.



Mara G. Mann, CPA
Phoenix, Arizona
October 27, 2021



SUCCESS SCHOOL
dba Arizona Charter Academy

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued	Unmodified	
	Yes	No
• Is a material weakness in internal control disclosed?	<u> </u>	<u> X </u>
• Is a significant deficiency in internal control disclosed?	<u> </u>	<u> X </u>
• Is a material noncompliance disclosed?	<u> </u>	<u> X </u>

Federal Awards

• Is a material weakness in internal control over major programs disclosed?	<u> </u>	<u> X </u>
• Is a significant deficiency in internal control over major programs disclosed?	<u> </u>	<u> X </u>
• Type of auditor’s report issued on compliance for major programs:	Unmodified	

Identification of major programs

- 84.425 ESF Section 1 – Elementary and Secondary Education Cluster

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

Auditee qualified as a low-risk auditee? X

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were identified that were required to be reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were identified that were required to be reported.



Mara G. Mann
Certified Public Accountant

Independent Accountants' Report on Applying Agreed Upon Procedures

Board of Directors
Prescott Valley Charter School

We have performed the procedures enumerated below, which were agreed to by Success School, dba Arizona Charter Academy and the Arizona State Board for Charter Schools (Sponsor) solely to assist the specified parties in evaluating the School's compliance with applicable legal requirements during the year ended June 30, 2021. Management is responsible for the School's compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been request or for any other purpose. The procedures we performed are summarized as follows:

Procedures

We completed the accompanying Arizona State Board for Charter Schools Legal Compliance Questionnaire in accordance with the instructions contained therein. An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all the users of the report, and as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. Management acknowledges that the procedures performed are appropriate to meet the intended purpose of the engagement.

Findings

There were no findings

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. As such, we are practitioners independent of the responsible party and are required to meet practitioner's other ethical responsibilities, in accordance with the relevant ethical requirements relating to the agreed upon-procedures engagement. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the School and its Sponsor and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Mara G. Mann, CPA
October 27, 2021



Arizona State Board for Charter Schools
Legal Compliance Questionnaire
Success School, dba Arizona Charter Academy (078924000)
Fiscal Year Ended June 30, 2021

Table of Contents

<u>Topic</u>	<u>Page</u>
INSTRUCTIONS	2
PERSONNEL	4
REQUIRED FILINGS.....	5
SPECIAL EDUCATION	6
CLASSROOM SITE FUND	6
STUDENT ATTENDANCE REPORTING.....	7
OPEN MEETING LAW	11
INSURANCE REQUIREMENTS	11
TUITION	11
RECORDS MANAGEMENT	12
SIGNATURE PAGE.....	12

INSTRUCTIONS

NOTE: This questionnaire should only be used for charters that are exempt from the Uniform System of Financial Records for Arizona Charter Schools (charters that HAVE an exception). If a charter is subject to procurement requirements pursuant to A.R.S. §§15-189.02 and 41-2535(A), this questionnaire should be used in conjunction with the Procurement Compliance Questionnaire (see audit guidelines) which is available on the Arizona State Board for Charter Schools' website <https://asbcs.az.gov>.

In order to determine whether a charter that is exempt from the requirements of the Uniform System of Financial Records for Arizona Charter Schools (USFRCS) is complying with applicable legal requirements, the auditors must complete the following Legal Compliance Questionnaire in accordance with both the agreed upon procedures (instructions contained herein) and the attestation standards established by the American Institute of Certified Public Accountants. (Note: This questionnaire is not comprehensive of all legal requirements for charter schools. As such, this document should not be the sole reference to determine all laws and regulations that are applicable to charter schools).

The following prescribed minimum agreed upon procedures, as well as those identified throughout the questionnaire, must be used for completing the Legal Compliance Questionnaire in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The State Board for Charter Schools may reject questionnaires not meeting these standards.

- ◆ Sufficient, appropriate evidence must be obtained annually for each question to satisfactorily determine whether the charter complies with the legal requirements, and the evidence must be included in the documentation.
- ◆ Evidence may be obtained through test work, observation, examination, and client assertion. However, client assertion alone is not adequate evidence to support "Yes" answers to the questionnaire.
- ◆ Population size should be considered in determining the number of items to test, and the items selected should be representative of the population.
- ◆ The number of items tested must be sufficient to determine whether a deficiency was the result of an isolated incident or a recurring problem. Therefore, testing one transaction, record, or item is not sufficient.
- ◆ The sample size should be expanded if the audit firm cannot clearly determine whether the charter complies with the legal requirements of the question.

- ◆ If sufficient evidence has been obtained and documented during the current audit, that evidence may be referenced to answer questions.
- ◆ All “No” and “N/A” answers must be adequately explained in the comments column or in an attachment. Findings must be described in sufficient detail to enable the State Board for Charter Schools to describe the finding in a letter. The description should include the number of items tested and the number of exceptions noted.
- ◆ A “Yes” answer indicates that the audit firm has determined that the charter complies with the legal requirements of the question and a “No” answer indicates the charter does not comply. However, the final determination of compliance on each question, as well as overall compliance with legal requirements, is made by the State Board for Charter Schools based on the evidence presented in the questionnaire, audit reports, resulting documentation, and any other sources.

The resulting documentation supporting the audit firm’s answers to the Legal Compliance Questionnaire must be made available on request for review by the State Board for Charter Schools. To facilitate this review, the audit firm may wish to include in the documentation a copy of the questionnaire containing references to procedures performed for each question.

Legal Compliance Questionnaire¹

Questions/Subject Area	Yes/No	Comments
Personnel		
1. Did the school have valid fingerprint clearance cards (FCC) for 100% of the required personnel as of the testing date? A.R.S. §15-183(C)(5) and A.R.S. §15-512(H)	Yes	
(QUESTIONS #2a THROUGH 2c ONLY APPLY TO NEW HIRES REQUIRED PURSUANT TO A.R.S. §15-183(C)(5) TO HAVE VALID FCCS AND DO NOT APPLY IF AN INDIVIDUAL'S FCC HAS EXPIRED.)	N/A	All required employees had fingerprint clearance cards.
2. For each individual referenced in #1 that did not have a valid FCC, please provide the following information (provide supplemental pages, if necessary) (See agency guidance available on the Board's website prior to completing these questions) A.R.S. §15-183(C)(5) :		
a. Was an application for a FCC on file with the Department of Public Safety (DPS) as of the testing date?	N/A	All required employees had fingerprint clearance cards.
b. Did DPS receive the application prior to the hire date?	N/A	All required employees had fingerprint clearance cards.
c. Prior to placement, did the school do all of the following?	N/A	All required employees had fingerprint clearance cards.
i) Document the necessity for hiring/placing the individual prior to receiving a FCC?	N/A	All required employees had fingerprint clearance cards.
ii) Obtain statewide criminal history information on the individual?	N/A	All required employees had fingerprint clearance cards.
iii) Obtain references from the applicant's current and previous employers?	N/A	All required employees had fingerprint clearance cards.
3. Did the charter school maintain up-to-date fingerprints of all Governing Body members as of the testing date? Charter Contract²	Yes	

¹ For the purposes of this questionnaire, please note that "Governing Body" means the group of persons required by A.R.S. §15-183(E)(8) that is responsible for policy decisions of the charter school. The term "Governing Board" means the group of persons that the charter holder has assigned the responsibility addressed by the question. The applicable group of persons may be the Governing Body or the officers, directors, members or partners of the charter holder. The applicable group of persons may vary depending on the issue addressed by the question.

² Specific contract cites could not be provided as term references vary per contract year.

4. Were all other personnel fingerprint checked as of the testing date? A.R.S. §15-183(C)(5) and A.R.S. §15-512	N/A	All required employees had fingerprint clearance cards.
5. Did the charter school inform the parents and guardians of pupils enrolled in the school of the availability of information about the educational and teaching background and experience in a particular academic content subject area for all current employees who provide instruction to pupils? A.R.S. §15-183(F)	Yes	
	Yes/No	Comments
Required Filings		
1. Is the school in good standing with the following regulatory bodies:		
a. Internal Revenue Service U.S.C. Title 26		
i. For payroll taxes, income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 1.a.i, 1.a.ii, or both is “no”, does the school have a payment plan in place with the Internal Revenue Service?	N/A	The responses to 1.a.i. and 1.a.ii. are not “no”
iv. If the answer to Question 1.a.iii is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	The response to 1.a.iii. is not “yes”
b. Arizona Department of Revenue A.R.S. §43-401 and §43-1111		
i. For payroll taxes, state income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	Yes	
ii. The school did not have any payroll or income taxes payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.	Yes	
iii. If the response to 1.b.i, 1.b.ii, or both is “no”, does the school have a payment plan in place with the Arizona Department of Revenue?	N/A	The responses to 1.b.i. and 1.b.ii. are not “no”
iv. If the answer to Question 1.b.iii is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	The response to 1.b.iii. is not “yes”
c. Arizona Department of Economic Security A.R.S. §§23-701 through 23-757		
i. State unemployment contributions requirements for the audited fiscal year?	Yes	
ii. The school did not have any state unemployment	Yes	

contributions payable from a prior year(s) as of audited fiscal year end (June 30 th) is a true statement.		
iii. If the response to 1.c.i, 1.c.ii, or both is “no”, does the school have a payment plan in place with the Arizona Department of Economic Security?	N/A	The responses to 1.c.i. and 1.c.ii. are not “no”
iv. If the answer to Question 1.c.iii is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 th)?	N/A	The response to 1.c.iii. is not “yes”
d. Corporation Commission (e.g., annual report)? Charter Contract		
2. Was a copy of the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18 th ? A.R.S. §15-905(E) and §15-183(E)(6)	Yes	7/1/2020
3. Was the Annual Financial Report (AFR) sent to the Superintendent of Public Instruction by October 15 th ? A.R.S. §15-183(E)(6) and 15-904(A)	Yes	10/7/2021
Special Education		
1. Is the staff the school uses to provide special education services (internal or contracted) certified in special education?	Yes	
2. Does the school conduct 45 day screenings on all new students? AAC R7-2-401	Yes	
3. Are evaluations and IEPs on file for special education students? 34 CFR 300.341-350 and 300.531-536	Yes	
Classroom Site Fund - A.R.S. §15-977 & OAG Memorandum No. 44		
1. Did the school properly allocate Classroom Site Fund receipts among the following projects: 1011 – Base Salary (20%), 1012 – Performance Pay (40%), and 1013 – Other (40%)?	Yes	
2. For Project 1011, were expenses only for teacher base salary increases and employment-related expenses?	Yes	
3. For Project 1012, were expenses only for performance-based teacher compensation increases and employment-related expenses?	Yes	
4. For Project 1013, were expenses only for class size reduction, teacher compensation increases, assessment intervention programs, teacher development, dropout prevention programs, and teacher liability insurance premiums?	Yes	
5. Did the school use Classroom Site Fund monies to supplement rather than supplant, existing funding from all other sources? (See USFRCS Memorandum No. 44 for guidance on the Classroom Site Fund.)	Yes	
6. If the school had monies remaining at year-end, were they properly carried forward in the three Classroom Site Projects (1011, 1012, and 1013) to help ensure that the restrictions placed on the original allocation of revenues is applied in future years?	N/A	The school did not have remaining monies at year-end

7. Did the school have sufficient cash at year-end to cover the carry over monies, and what was the Classroom Site Fund <u>cash</u> carryover balance at year-end?	N/A	The school did not have remaining monies at year-end								
Student Attendance Reporting										
If test work performed in this section discloses a net overstatement or understatement of membership and/or absence days, based on A.R.S. and ADE’s school finance external guidelines, report the net overstatement or understatement in the “Comments” column next to each applicable question.										
	Yes/No	Comments								
1. Did the school’s calendar ensure school was in session for the required days and students received the required instructional hours per grade level, including Arizona Online Instruction (AOI) Programs as prescribed in A.R.S. §§15-808(J)(1), 15-901(A)(1) and 15-901.07?	Yes									
For Student Attendance Reporting questions, the audit firm must select and test the specified number of transactions (records, entries, withdrawals, or days) as shown in the sample size instructions before each section. These samples should include <u>3</u> or more grade levels and <u>3</u> or more campuses, where applicable. The listed sample sizes represent the minimum level of required test work. The audit firm should use its judgment in determining whether a larger sample is needed. All student attendance records tested should be selected from the first 100 days of school. In the parentheses provided within the questions, write the actual number of transactions tested. If all transactions were tested, indicate such in the “Comments” column.										
For question 2, select at least 3 student attendance records. 2. If the school had an early (pre-) kindergarten program, based upon review of (___) early (pre-) kindergarten students’ attendance records, did the school only calculate and submit membership information for this program for students with disabilities? A.R.S. §15-901(A)(1)(a)(i) and USFRCS Memorandum No. 33	N/A	The school does not offer an early (pre-) kindergarten program.								
For question 3, use the following sample sizes: <table border="1" data-bbox="211 1344 990 1554"> <thead> <tr> <th style="text-align: center;"><u>SCHOOLWIDE ADM</u></th> <th style="text-align: center;"><u>Student Attendance Records</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><1,000</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">1,000-5,000</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">>5,000</td> <td style="text-align: center;">15</td> </tr> </tbody> </table>			<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>	<1,000	5	1,000-5,000	10	>5,000	15
<u>SCHOOLWIDE ADM</u>	<u>Student Attendance Records</u>									
<1,000	5									
1,000-5,000	10									
>5,000	15									

<p>3. Based upon review of 10 students' attendance records, did the school appropriately track and report elementary, junior high, and high school students' membership and absences? A.R.S. §§15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i), and USFRCS Memorandum No. 33</p>	Yes									
<p>For questions 4-7, use the following sample sizes:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">SCHOOLWIDE ADM</th> <th style="text-align: center;">Student Attendance Records</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><1,000</td> <td style="text-align: center;">3</td> </tr> <tr> <td style="text-align: center;">1,000-5,000</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">>5,000</td> <td style="text-align: center;">7</td> </tr> </tbody> </table>	SCHOOLWIDE ADM	Student Attendance Records	<1,000	3	1,000-5,000	5	>5,000	7		
SCHOOLWIDE ADM	Student Attendance Records									
<1,000	3									
1,000-5,000	5									
>5,000	7									
<p>4. Based upon review of (____) high school students' attendance records, did the school prorate the membership of the students enrolled in less than 4 subjects?</p>	N/A	School does not offer High School								
<p>5. For schools-Based on a review of (____) students' (enrolled in a program provided by a CTED in a facility owned or operated by a school) attendance records, did the school report the actual enrollment for only the school classes the student was enrolled in at the school site (excluding CTED program classes) under the school's CTDS number?</p>	N/A	School does not offer a CTED program								
<p>6. For schools offering an AOI Program, based upon a review of (____) AOI students' attendance records for 4 weeks: (ADE's guideline SF-0003-AOI Participation)</p> <p>a. Was the guardian-approved or school computer-generated daily log describing the amount of time spent by the student on academic tasks maintained by the participating AOI school? A.R.S. §15-808(E)</p>	N/A	School does not offer an AOI program								
<p>b. Did the hours reported to ADE agree to the guardian-approved or school computer-generated daily log?</p>	N/A	School does not offer an AOI program								
<p>c. Were all students who participated in an AOI Program residents of this state? A.R.S. §15-808(B)</p>	N/A	School does not offer an AOI program								
<p>d. Was the student's Intended Full Time Equivalency Enrollment Statement maintained?</p>	N/A	School does not offer an AOI program								
<p>7. Based upon review of the student attendance records in question 6, did the school follow its procedures to re-determine the actual FTE for each student enrolled in an AOI Program following a student's withdrawal or after the end of the school</p>	N/A	School does not offer an AOI program								

year?										
<p>For questions 8-12, use the following sample sizes:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">SCHOOLWIDE ADM</th> <th style="text-align: center;">Student Attendance Records</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><1,000</td> <td style="text-align: center;">5</td> </tr> <tr> <td style="text-align: center;">1,000-5,000</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">>5,000</td> <td style="text-align: center;">15</td> </tr> </tbody> </table>	SCHOOLWIDE ADM	Student Attendance Records	<1,000	5	1,000-5,000	10	>5,000	15		
SCHOOLWIDE ADM	Student Attendance Records									
<1,000	5									
1,000-5,000	10									
>5,000	15									
8. Based upon review of 0 students withdrawn for having 10 consecutive unexcused absences (all grades), was the student only counted in membership through the last day of actual attendance or excused absence? A.R.S. §15-901(A)(1)	N/A	No students were withdrawn for having 10 consecutive unexcused absences								
9. Based upon review of 10 entries, does the student's name entered in the student management system match the name on the legal document on file? A.R.S. §15-828(D)	Yes									
10. Based upon review of 10 entries: (Note: Enrollment forms are not required for continuing students at the same school.)										
a. Were the entry dates entered into the school's computerized attendance system within 5 working days after the actual date of entry and was documentation maintained to support the date of data entry?	Yes									
b. Did the entry date in the computerized attendance system agree to the entry form?	Yes									
c. Did membership begin on the first day of actual attendance or, for continuing/pre-enrolled students, the first day that classroom instruction was offered, provided that the students actually attend within the first 10 days of school? ADE's External Guideline GE-17	Yes									
d. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? A.R.S. §15-802(B)(1) and ADE's Arizona Residency Documentation Guidelines	Yes									

11. Did the school exclude nonresident students from the school's student count and state aid calculations and charge tuition, as applicable? A.R.S. §15-823(G) and (L)	N/A	All students tested had documentation indicating residency in Arizona
12. Based upon review of 10 withdrawals:		
a. Were the withdrawal dates entered into the school's computerized attendance system within 5 working days after the actual day of withdrawal and was documentation maintained to support the date of data entry? (Note: "Day of withdrawal" for determining timely data entry means: a. the later of the student's withdrawal date or the day the school is notified the student will not be returning; or b. the 10 th day of unexcused absence for students withdrawn for having 10 consecutive unexcused absences.)	Yes	
b. Did the withdrawal date in the computerized attendance system agree to the withdrawal form? (Note: If the computerized attendance system requires the school to input the day following the withdrawal date for a student to be counted in membership through the last day of actual attendance or excused absence, the withdrawal date on the system should be the school day following the withdrawal date on the form.)	Yes	
c. Did the school prepare and retain an <i>Official Notice of Pupil Withdrawal</i> form that a school administrator signed for each withdrawal? A.R.S. §15-827	Yes	

13. Based upon review of the school's student data uploaded to ADE (AzEDS ADM15 or ABSATT10 report, as applicable), did the membership and absences agree to the school's computerized attendance system records for the first 100 days of school? (Note: For an AOI Program, review year-end attendance information.)	Yes	
14. Did the school report students that completed all high school requirements with the applicable graduation code and use the appropriate year-end status code for other students?	Yes	
15. For students participating in distance learning, did the school follow attendance procedures defined in the distance learning plan approved by ADE?	Yes	
	Yes/No	Comments
Open Meeting Law A.R.S. § 38-431.01 and § 38-431.02 (See also Attorney General Opinion I00-009)		
1. Did the school conspicuously post a statement on its website stating where all public notices of its meetings will be posted, including the physical and electronic locations?	Yes	
2. Did the school post all public meeting notices on its website?	Yes	
3. Did the school maintain a record of notices that includes a copy of each notice that was posted and information regarding the date, time and place of posting?	Yes	
4. Were notices and agenda of public meetings posted at least 24 hours before the meeting?	Yes	
5. Were written minutes prepared or a recording made of Governing Body meetings?	Yes	
Insurance Requirements A.R.S. §15-183(M)		
Does the school have the required insurance for liability and property loss?	Yes	
Tuition A.R.S. §15-185(B)(6) (See also Attorney General Opinion I98-007)		
Did the school refrain from charging fees that may be considered tuition other than as provided for in A.R.S. §15-185(B)(6) [nonresidents]?	Yes	

Records Management		
1. Did the school retain records in accordance with the <i>General Retention Schedules for Education – K-12</i> published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)? www.azlibrary.gov/arm/retention-schedules	Yes	
2. Was adequate documentation retained to support amounts in the financial statements (if the school is not the primary reporting entity - was adequate documentation retained to support revenue and expenses in the charter school)?	Yes	

This Questionnaire was completed in accordance with the minimum standards as set forth in the instructions on pages 2 and 3.

Mara G. Mann, CPA

October 27, 2021

Audit Firm

Date



Owner

Preparer's Signature (Audit Firm Representative)

Title