

**GAR, LLC**  
**dba STUDENT CHOICE HIGH SCHOOL**

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**Audited Financial Statements**  
**June 30, 2022 and 2021**

GAR, LLC  
dba STUDENT CHOICE HIGH SCHOOL  
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## **Independent Auditor's Report on the Financial Statements**

Board of Directors  
GAR, LLC, dba Student Choice High School  
Peoria, Arizona

### **Opinion**

We have audited the accompanying financial statements of GAR, LLC, dba Student Choice High School which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of income and member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GAR, LLC, dba Student Choice High School as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 GAR, LLC, dba Student Choice High School 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 opinion.

### **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 GAR, LLC, dba Student Choice High School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

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## **Independent Auditor's Report on the Financial Statements (Continued)**

In performing an audit in accordance with generally accepted 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 GAR, LLC, dba Student Choice High School's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GAR, LLC, dba Student Choice High School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 4, 2022 on our consideration of internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering GAR, LLC, dba Student Choice High School's internal control over financial reporting and compliance.

### **Restriction on Use**

Our report is intended solely for the information and use of the board of directors and management of GAR, LLC dba Student Choice High School, the Arizona State Board for Charter Schools, the Arizona Department of Education and the Maricopa County School Superintendent and is not intended to be and should not be used by anyone other than these specified parties.

*Henry J. Fortino, CPA, P.C.*

Henry J. Fortino, CPA, PC  
Tucson, Arizona  
August 4, 2022

GAR, LLC  
 DBA STUDENT CHOICE HIGH SCHOOL  
 Balance Sheets

	June 30,	
	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 2,298,557	\$ 1,384,651
Accounts receivable, net	316,710	-
	Total Current Assets	1,384,651
Property and Equipment, net	158,985	224,356
Deposits	18,572	18,572
	Total Assets	\$ 1,627,579
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 31,531	\$ 33,303
Due to related party - Meelo Management	43,773	245,236
Accrued payroll liabilities	81,880	86,889
	Total Current Liabilities	365,428
<b>MEMBERS' EQUITY</b>	2,635,640	1,262,151
	Total Liabilities and Members' Equity	\$ 2,792,824

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

GAR, LLC  
 DBA STUDENT CHOICE HIGH SCHOOL  
 Statements of Income and Members' Equity

	Years ended June 30,	
	2022	2021
REVENUE:		
State equalization revenue	\$ 18,163,313	\$ 13,410,868
Other State revenue	2,062,004	1,137,125
Federal grant revenue	630,744	-
	20,856,061	14,547,993
EXPENSES:		
Payroll and related	4,346,175	3,657,200
Purchased services	14,310,373	8,488,916
Supplies	512,721	456,289
Depreciation	132,848	140,572
Occupancy costs	473,030	757,205
General and administration	207,425	145,167
	19,982,572	13,645,349
Net Income	873,489	902,644
MEMBERS' DISTRIBUTIONS	(2,590,000)	(1,746,000)
MEMBERS' CONTRIBUTIONS	3,090,000	1,800,000
MEMBERS' EQUITY - BEGINNING OF YEAR	1,262,151	305,507
MEMBERS' EQUITY - END OF YEAR	\$ 2,635,640	\$ 1,262,151

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

GAR, LLC  
DBA STUDENT CHOICE HIGH SCHOOL  
Statements of Cash Flows

	Years ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 873,489	\$ 902,644
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	132,848	140,572
Gain on disposal of property and equipment	-	(28,398)
Changes in assets and liabilities:		
Accounts receivable, net	(316,710)	100,834
Deposits	-	1,954
Accounts payable	(1,772)	(16,857)
Due to related party - Meelo Management	(201,463)	(470,158)
Accrued payroll liabilities	(5,009)	(263,517)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>481,383</b>	<b>367,074</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from disposal of property and equipment	-	76,434
Purchases of property and equipment	(67,477)	(9,779)
<b>NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES</b>	<b>(67,477)</b>	<b>66,655</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Members' distributions	(2,590,000)	(1,746,000)
Members' contributions	3,090,000	1,800,000
Payments on line of credit	-	(150,000)
<b>NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES</b>	<b>500,000</b>	<b>(96,000)</b>
<b>INCREASE IN CASH</b>	913,906	337,729
<b>CASH AT BEGINNING OF YEAR</b>	<b>1,384,651</b>	<b>1,046,922</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 2,298,557</b>	<b>\$ 1,384,651</b>

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

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GAR, LLC., dba Student Choice High School (the "School") is an Arizona Limited Liability Company established in 2000. The School's mission is to utilize public funds to provide and promote a curriculum and instructional program that meets the educational needs of at-risk students on an individual basis. The School operates under a charter contract with the Arizona State Board for Charter Schools and provides educational services to high school students within cities in Maricopa County, Arizona.

Revenue Recognition - Revenue consists primarily of equalization payments and classroom site funds from the State of Arizona and a federal grant. Equalization and classroom site fund revenue is calculated primarily based on the number of students enrolled and is earned by the School as services are provided to students. Income from federal grants is recognized in the period during which the related specified expenses under the grant are incurred and any conditions attached to the grant have been met. Accounts receivable consists of amounts due from federal grants passed through the State of Arizona. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects the best estimate of the amounts that will not be collected. The estimate is based on whether payments have made according to contractual terms and other factors. On June 30, 2022 and 2021 the allowance for doubtful accounts was \$0.

Cash and Cash Equivalents - For purposes of the statement of cash flows, all highly liquid investments with an initial maturity of three months or less when purchased are considered cash equivalents.

Property and Equipment - Property and equipment purchases with both a cost of \$5,000 or more and an estimated useful life of one year or more are capitalized. Amortization of leasehold improvements and depreciation of equipment is provided on a straight-line basis over the useful lives of the respective assets or the respective lease term, if lower. Lives range from 3 to 5 years.

Income Tax Status - The School has elected to be treated as an S-Corporation for income tax purposes. Accordingly, there are no income taxes reflected on the financial statements due to all income passing through to the individual members. Tax returns are subject to tax audit generally for three years after the tax returns are filed.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Management's review - Subsequent events have been evaluated through August 4, 2022, which is the date the financial statements were available to be issued.

#### NOTE 2 - CASH AND CASH EQUIVALENTS

The School maintains its cash balances with a high credit quality financial institution. Cash balances are insured by the FDIC up to \$250,000. On June 30, 2022 there were uninsured balances of \$2,072,600. The School does not require collateral for amounts greater than FDIC insurance.

Restricted Cash - Classroom Site Fund - Classroom site fund monies are restricted by State statute for teacher compensation and employment-related expenses, and other projects defined as class size reduction, AZ achievement, teacher development, dropout prevention programs, and student support services. As of June 30, 2022, and 2021, the School had restricted cash totaling \$144,658 and \$84,633, respectively.

NOTE 3 -PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$427,223	\$400,993
Furniture and equipment	<u>166,119</u>	<u>124,872</u>
	593,342	525,865
Less accumulated depreciation	<u>( 434,357)</u>	<u>( 301,509)</u>
	<u>\$158,985</u>	<u>\$224,356</u>

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Operating leases - The School leases facilities under the provisions of long-term lease agreements classified as operating leases. One of the leases is guaranteed by the members. The leases generally contain renewal options. For the years ended June 30, 2022 and 2021 rent expense totaled \$284,051 and \$597,196, respectively.

As of June 30, 2022, future commitments on the leases were as follows:

2023	\$ 200,100
2024	186,700
2025	181,000
2026	<u>45,900</u>
	<u>\$613,700</u>

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 an adjustment of state equalization revenue or other corrective action.

NOTE 5 - MANAGEMENT AGREEMENT

The School entered into a charter school management agreement with Meelo Management Group, LLC, which is related through common ownership with the School. The agreement calls for this entity to provide curriculum management and development, SPED management, management services of the School organization, advertising, IT services, technology management and licensing fees, curriculum licensing fees, bookkeeping, financial management, facility management, strategic planning, growth planning and leasing of employees in exchange for various percentages of equalization revenue. Management fee expenses for the years ending June 30, 2022 and 2021 totaled \$14,167,384 and \$8,408,953, respectively.

The amount due to related party – Meelo Management shown on the balance sheets is for outstanding amounts due under this agreement.

NOTE 6 - RETIREMENT PLAN

Substantially all permanent full-time and certain part-time employees are eligible to contribute to the Arizona State Retirement System. Benefits are established by State statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board.

The Arizona State Legislature establishes and may amend active plan members' and the School's contribution rate. For the year ending June 30, 2022 active plan members and the School were each required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent retirement and .19 percent long-term disability) of the members' annual covered payroll. For the year ending June 30, 2021 active plan members and the School were each required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent retirement and .18 percent long-term disability) of the members' annual covered payroll. The School's contribution to the System for the years ended June 30, 2022 and 2021 was \$414,334 and \$328,980, respectively.



**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  
GAR, LLC, dba Student Choice High School  
Peoria, 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 GAR, LLC dba Student Choice High School (the "School"), which comprise the balance sheet as of June 30, 2022, and the related statements of income and members' equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 4, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered GAR, LLC, dba Student Choice High School'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 GAR, LLC, dba Student Choice High School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control 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.

**Report on Compliance and Other Matters**

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

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**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 (Continued)**

**Purpose of this Report**

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

Henry J. Fortino, CPA, P.C.

Henry J. Fortino CPA, PC  
Tucson, Arizona  
August 4, 2022



Charter Holder Name: GAR, LLC dba Student Choice High School  
Charter Holder CTDS: [Click or tap here to enter CTDS](#)

Legal Compliance Questionnaire<sup>1</sup>

For Fiscal Year Ended June 30, 2022

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<sup>1</sup> 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>.

## INSTRUCTIONS<sup>2</sup>

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 audit firm 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 box below the question 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.

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<sup>2</sup> 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.

<b>PERSONNEL</b>	
<b>Prior to completing the fingerprinting questions below, please review guidance available on the <a href="#">Board's website</a>.</b>	
1. Did the school have valid fingerprint clearance cards (FCC) for 100% of the required personnel as of the testing date? <b>A.R.S. §§ 15-183(C)(5) and 15-512(H)</b>	YES
<b>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.</b>	
2. For each individual referenced in question #1 that did not have a valid FCC, please provide the following information: <b>A.R.S. § 15-183(C)(5)</b>	
a. Was an application for a FCC on file with the Department of Public Safety (DPS) as of the testing date?	N/A
All individuals had a valid FCC.	
b. Did DPS receive the application prior to the hire date?	N/A
All individuals had a valid FCC.	
c. Prior to placement, did the school do all of the following:	
i) Document the necessity for hiring/placing the individual prior to receiving a FCC?	N/A
All individuals had a valid FCC.	
ii) Obtain statewide criminal history information on the individual?	N/A
All individuals had a valid FCC.	
iii) Obtain references from the applicant's current and previous employers?	N/A
All individuals had a valid FCC.	
3. Did the charter school maintain up-to-date fingerprints of all Governing Body members as of the testing date? <b>Charter Contract</b> (Citations could not be provided as they vary.)	YES
4. Were all other personnel fingerprint checked as of the testing date? <b>A.R.S. §§ 15-183(C)(5) and 15-512</b>	
No other personnel.	
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? <b>A.R.S. § 15-183(F)</b>	YES
<b>REQUIRED FILINGS</b>	
1. Internal Revenue Service (IRS) <b>U.S.C. Title 26</b>	
a. Is the school in good standing with the IRS for payroll taxes, income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	YES

b. The school did not have any payroll or income taxes payable to the IRS from a prior year(s) as of audited fiscal year end (June 30 <sup>th</sup> ) is a true statement.	YES
c. If the response to question 1.a, question 1.b, or both is “no”, does the school have a payment plan in place with the IRS?	N/A
Answers were yes.	
d. If the answer to question 1.c is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 <sup>th</sup> )?	N/A
Answer was NA.	
<b>2. Arizona Department of Revenue (ADOR) A.R.S. §§ 43-401 and 43-1111</b>	
a. Is the school in good standing with the ADOR for payroll taxes, state income taxes (if applicable) and applicable tax forms required to be filed during the audited fiscal year?	YES
b. The school did not have any payroll or income taxes payable to the ADOR from a prior year(s) as of audited fiscal year end (June 30 <sup>th</sup> ) is a true statement.	YES
c. If the response to question 2.a, question 2.b, or both is “no”, does the school have a payment plan in place with the ADOR?	N/A
Answers were yes.	
d. If the answer to question 2.c is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 <sup>th</sup> )?	N/A
Answer was NA.	
<b>3. Arizona Department of Economic Security (ADES) A.R.S. §§ 23-701 through 23-757</b>	
a. Is the school in good standing with the ADES for state unemployment contribution requirements for the audited fiscal year?	YES
b. The school did not have any state unemployment contributions payable to the ADES from a prior year(s) as of audited fiscal year end (June 30 <sup>th</sup> ) is a true statement.	YES
c. If the response to question 3.a, question 3.b, or both is “no”, does the school have a payment plan in place with the ADES?	N/A
Answers were yes.	
d. If the answer to question 3.c is “yes”, has the school made all of the required payments under the payment plan as of audited fiscal year end (June 30 <sup>th</sup> )?	N/A
Answer was NA.	

4. Is the school in good standing with the Arizona Corporation Commission (e.g., annual report)? <b>Charter Contract</b>	N/A
Entity is an LLC.	
5. Was a copy of the adopted budget submitted electronically to the Superintendent of Public Instruction no later than July 18 <sup>th</sup> ? <b>A.R.S. §§ 15-183(E)(6) and 15-905(E)</b>	YES
6. Was the Annual Financial Report (AFR) sent to the Superintendent of Public Instruction by October 15 <sup>th</sup> ? <b>A.R.S. §§ 15-183(E)(6) and 15-904(A)</b>	YES
<b>SPECIAL EDUCATION</b>	
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? <b>A.A.C. R7-2-401</b>	YES
3. Are evaluations and IEPs on file for special education students? <b>34 CFR 300.341-350 and 300.531-536</b>	YES
<b>CLASSROOM SITE FUND – A.R.S. § 15-977 and <a href="#">Office of the Auditor General FAQ</a></b>	
1. For the Classroom Site Fund, were expenses only for allowable purposes listed in A.R.S. §15-977?	YES
2. Did the school use Classroom Site Fund monies to supplement, rather than supplant, existing funding from all other sources?	YES
3. Did the school have sufficient cash at year-end to cover the carryover monies, and what was the Classroom Site Fund <u>cash</u> carryover balance at year-end?	YES
\$144,658	
<b>STUDENT ATTENDANCE REPORTING</b>	
<b>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 box below each applicable question.</b>	
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), 15-901.07 and 15-901.08?	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 3 or more grade levels and 3 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.**

<p><b>For question 2, select at least 3 student attendance records. (If a student in the sample was in a virtual day, ensure the student was counted based on the instructional time model (ITM).)</b></p> <p>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?  <b>A.R.S. § 15-901(A)(1)(a)(i) and USFRCS Memorandum No. 33</b></p>	<p>N/A</p>
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High school only.

**For question 3, use the following sample sizes. (If a student in the sample was in a virtual day, ensure the student was counted based on the ITM.)**

<b>SCHOOLWIDE ADM</b>	<b>Student Attendance Records</b>
<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? <b>A.R.S. §§ 15-901(A)(1)(a)(i) and 15-901(A)(5)(a)(i), and USFRCS Memorandum No. 33</b></p>	<p>YES</p>
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**For questions 4-7, use the following sample sizes. (If a student in the sample was in a virtual day, ensure the student was counted based on the ITM.)**

<b>SCHOOLWIDE ADM</b>	<b>Student Attendance Records</b>
<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>	<p>N/A</p>
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No students enrolled in less than 4 subjects.

<p>5. For schools-Based upon 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>	<p>N/A</p>
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No CTED.

<p>6. For schools offering an AOI program, based upon a review of (____) AOI students' attendance records for 4 weeks: (ADE's guideline <a href="#">SF-0003-AOI Participation</a>)</p>
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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? <b>ADE’s External Guideline GE-17</b>	NO
For 1 out of 10 tested the entry form and attendance system were off by 1 day.	
d. Did the school obtain and maintain verifiable documentation of Arizona residency upon enrollment? <b>A.R.S. § 15-802(B)(1)</b> and <a href="#">ADE’s Updated Residency Guidelines</a>	YES
11. Did the school exclude nonresident students from the school’s student count and state aid calculations and charge tuition, as applicable? <b>A.R.S. § 15-823(G) and (L)</b>	
All students were Arizona residents.	
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? ( <b>Note:</b> “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 <sup>th</sup> 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? ( <b>Note:</b> 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? <b>A.R.S. § 15-827</b>	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? ( <b>Note:</b> For an AOI Program, review year-end attendance information.) <b>A.R.S. §15-901</b>	
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?	

15. For students participating in distance learning, did the school follow attendance procedures defined in an adopted ITM?	YES
<b>OPEN MEETING LAW</b> <b>A.R.S. §§ 38-431.01 and 38-431.02 (See also Attorney General Opinion I00-009)</b>	
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?	NO
One meeting notice was posted the same day as the meeting. The School has stated that the posting was timely but that there was a typographical error on the date shown on the notice.	
5. Were written minutes prepared or a recording made of Governing Body meetings?	YES
<b>INSURANCE REQUIREMENTS – A.R.S. § 15-183(M)</b>	
Does the school have the required insurance for liability and property loss?	YES
<b>TUITION – A.R.S. § 15-185(B)(6) (See also Attorney General Opinion I98-007)</b>	
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
<b>RECORDS MANAGEMENT</b>	
1. Did the school retain records in accordance with the General Retention Schedules for Education – K-12 published by the Arizona State Library, Archives and Public Records (based on the testing conducted during the course of the audit)? ( <a href="http://www.azlibrary.gov/arm/retention-schedules">www.azlibrary.gov/arm/retention-schedules</a> )	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 page 2.

Henry J. Fortino, CPA, PC

8/22/22

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Audit Firm

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Date

*Henry J. Fortino, CPA*

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Shareholder

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Preparer's Signature (Audit Firm Representative)

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Title



INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

GAR, LLC  
dba Student Choice High School  
and Arizona State Board for Charter Schools

We have performed the procedures enumerated on the attached Legal Compliance Questionnaire, which were agreed to by GAR, LLC dba Student Choice High School and the Arizona State Board for Charter Schools, solely to assist the specified parties in evaluating GAR, LLC dba Student Choice High School's compliance with the fiscal requirements of Arizona Revised Statutes applicable to Charter Schools for the year ended June 30, 2022. Our findings related to the procedures are contained in the attached Arizona State Board for Charter Schools Legal Compliance Questionnaire. Management is responsible for the compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 in the Legal Compliance Questionnaire either for the purpose for which this report has been requested or for any other purpose.

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 GAR, LLC dba Student Choice High School and the Arizona State Board for Charter Schools and is not intended to be and should not be used by anyone other than these specified parties.

*Henry J. Fortino, CPA, P.C.*

Henry J. Fortino, CPA, PC  
Tucson, Arizona  
August 22, 2022