Financial Statements
June 30, 2023

Salt Lake School of Performing Arts

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Salt Lake School of Performing Arts
Salt Lake City, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of Salt Lake School of Performing Arts (the School) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Restatement

As discussed in Note 8 to the financial statements, an error resulting in an understatement of amounts previously reported for net position and fund balance as of June 30, 2022, was discovered by management of the School during the current year. Accordingly, a restatement has been made to the governmental fund and governmental activities beginning fund balance and net position as of June 30, 2022, to correct the error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenue, expenditures, and changes in fund balance – budget and actual – general fund and notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023, on our consideration of the School'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 the School'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 the School's internal control over financial reporting and compliance.

Eide Bailly LLP

Ogden, Utah
November 27, 2023

The discussion and analysis of Salt Lake School of Performing Arts (the School) financial performance provides an overall review of financial activities for the fiscal year.

FINANCIAL HIGHLIGHTS

The School's assets exceeded its liabilities at the close of the most recent fiscal year by $567,509 (net position). Of this amount $176,315 (unrestricted net position) may be used to meet the School's ongoing obligations to students, employees, and creditors. During the year, expenses were $69,800 more than the $3,115,295 generated in revenues for governmental activities. The School receives most of its revenue from state and federal funding based on the number of students enrolled during the year. State and federal revenues totaled $2,471,049 in fiscal year 2023. Instructional expenditures totaled $1,650,444 in fiscal year 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction to the School's basic financial statements. These financial statements include three primary components:

Government-wide financial statements
Fund financial statements
Notes to the financial statements

The basic financial statements consist of two kinds of statements that present different views of the School's financial activities.

Government-Wide Financial Statements (GWFS)

The GWFS (i.e., Statement of Net Position and Statement of Activities) provide readers with a broad overview of the School's finances. The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position provides information on all of the assets and liabilities of the School, with the difference between the two providing the net position. Increases or decreases in the net position may indicate whether the financial position of the School is improving or deteriorating, respectively.

The Statement of Activities reflects changes in net position during the fiscal year. Changes in net position are reported using the accrual basis of accounting, similar to that used by private-sector companies. Accrual basis accounting takes into account all current year related revenue and expenditures, regardless of when cash is received or paid.

The GWFS presents an aggregate view of the School's finances and contains useful long-term information as well as information for the just-completed fiscal year.

To assess the overall financial condition of the School, additional non-financial factors, such as changes in the condition of school buildings and other facilities, should be considered.

In the GWFS, the School's activities are all classified as governmental activities. Governmental activities include all regular and special education, all educational support activities, administration, custodial, maintenance and transportation. Most of these activities are supported by the State of Utah Minimum School Program. The GWFS can be found on pages 9-10 of this report.

Fund Financial Statements

Funds are accounting devices the School uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Fund financial statements focus on individual parts of the School. Fund statements generally report operations in more detail than the government-wide statements. This statement focuses on its most significant or "major" funds and not on the School as a whole.

The School establishes other funds, as necessary, to control and manage money for particular purposes or to show that it is properly using certain revenue.

Governmental Funds

Governmental funds account for nearly the same functions as the governmental activities. However, unlike the GWFS, governmental funds focus on near-term inflows and outflows as well as the balances left at year-end that are available for funding future basic services.

It is useful to compare information found in the governmental funds with that of the governmental activities. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions.

The basic governmental funds financial statements can be found on pages 11-14 of this report.

Notes

The notes to the financial statements starting on page 15 provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the School's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the School's budget data for the year.

Government-Wide Financial Analysis

Net position may serve as a useful indicator of an organization's financial position. During fiscal year 2023, net position decreased by $69,800. The School incurred expenses related to the filing of their ERC credit in the current year. Furthermore, the School had an increase in salary schedules for School personnel that resulted in additional expense in 2023.

The following table provides a summary of the School's net position, net of the effects of the restatement noted in Note 8.

	2023	2022 (As Restated)
Assets		
Current and other assets	$ 1,333,040	$ 1,120,281
Capital assets	110,785	109,230
Total assets	$ 1,443,825	$ 1,229,511
Liabilities		
Current and other liabilities	$ 856,205	$ 554,353
Long-term liabilities	20,111	37,849
Total liabilities	876,316	592,202
Net Position		
Net investment in capital assets	90,674	71,381
Restricted	300,520	50,520
Unrestricted	176,315	515,408
Total net position	$ 567,509	$ 637,309

A portion of the School's net position is the investment in capital assets (i.e., equipment, furniture and fixtures and vehicles) and the related debt used to acquire those assets still outstanding. These capital assets provide services to students; consequently, these assets are not available for future spending. Restricted net position is restricted for program restrictions. The remaining portion of the School's net position is unrestricted.

Governmental Activities

Changes in Net Position – The table below shows the changes in net position for the fiscal years 2023 and 2022, net of the effects of the restatement noted in Note 8. The School relies on state and federal support for 79% of its governmental activities for the year ended June 30, 2023. The School had total revenue of $3,115,295 and total expenses of $3,185,095, during the year ended June 30, 2023. The School had a decrease in net position of $69,800 during the year ended June 30, 2023. The School incurred expenses related to the filing of their ERC credit in the current year. Furthermore, the School had an increase in salary schedules for School personnel that resulted in additional expense in 2023.

	2023	2022 (As Restated)	Change
Revenue			
Program revenue			
State and federal aid	$ 2,471,049	$ 2,139,487	$ 331,562
Operating grants and contributions	290,954	69,840	221,114
Other local revenue	353,292	328,639	24,653
Total revenue	3,115,295	2,537,966	577,329
Expenses			
Instructional	1,650,444	1,723,882	(73,438)
Support services			
Students	140,905	35,198	105,707
Staff assistance	10,905	8,355	2,550
General	190,913	92,868	98,045
School administration	529,008	430,144	98,864
Central services	158,874	153,228	5,646
Operation and maintenance of facilities	336,906	355,168	(18,262)
Transportation	163,973	103,198	60,775
Interest and other costs	3,167	2,193	974
Total expenses	3,185,095	2,904,234	280,861
Change in Net Position	$ (69,800)	$ (366,268)	$ 296,468

Governmental Funds

The focus of the School's governmental funds is to provide balances of spendable resources and to provide data on near-term inflows and outflows.

General Fund – The general fund is the general operating fund for the School. At the end of the current fiscal year, the general fund balance is $476,835, which is a decrease of $89,093 from the prior year. The decrease relates to additional expenditures incurred by the School related to the filing of their ERC credit as well as salary increases for School personnel.

Expenditures for general School purposes totaled $3,204,388, which is an increase of $405,658 from the prior year. The School incurred additional expenditures in the current year related to their ERC credit, combined with salary increases for School personnel.

General fund salaries totaled $1,375,604, while the associated fringe benefits of retirement, social security, unemployment, workers compensation, health, dental, and vision added $265,810 to arrive at 51% of the School's general fund expenditures.

Budgetary Highlights

The School adopts an original budget in June for the subsequent year.

Actual expenditures in the general fund were $132,286 more than the amended budget. The primary reason the School exceed the budget during fiscal year 2023 was due to an in-kind expenditure for contributed rent totaling $240,196 that was not included in the amended budget.

Capital Assets

The School has invested $508,976 in a wide range of capital assets, but primarily in equipment and vehicles. The total accumulated depreciation on these assets amounts to $398,191. There were capital asset additions of $13,830 for fiscal year 2023.

Additional information regarding the School's capital assets can be found in Note 3 to the basic financial statements.

Long-Term Debt

Long-term debt consists of a $20,111 note payable with a financial institution that bears interest at 4.79% and matures in July 2024. See Note 4 to the financial statements for more information about long-term debt.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School at 2291 S. 2000 E., Salt Lake City, Utah 84106, or by phone at 801-466-6700.

	Governmental Activities
Assets	
Cash and investments	$ 946,967
State receivables	1,587
Federal receivables	234,620
Other receivables	1,099
Prepaid expenses and other deposits	148,767
Capital assets (net of accumulated depreciation)	110,785
Total assets	1,443,825
Liabilities	
Accounts payable	230,809
Accrued liabilities	119,274
Unearned revenue	506,122
Long-term liabilities	
Due within one year - note payable	18,614
Due in more than one year - note payable	1,497
Total liabilities	876,316
Net Position	
Net investment in capital assets	90,674
Restricted for	
Special education	21,890
Other	203
CTE basic program	28,427
Building upgrade	250,000
Unrestricted	176,315
Total net position	$ 567,509

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position
Functions/Programs				
Governmental activities				
Instructional	$ 1,650,444	$ -	$ 1,586,484	$ (63,960)
Support services				
Students	140,905	-	-	(140,905)
Staff assistance	10,905	-	-	(10,905)
General	190,913	-	-	(190,913)
School administration	529,008	-	-	(529,008)
Central services	158,874	-	-	(158,874)
Operation and maintenance of facilities	336,906	-	-	(336,906)
Transportation	163,973	-	-	(163,973)
Interest and other costs	3,167	-	-	(3,167)
Total Governmental Activities	$ 3,185,095	$ -	$ 1,586,484	(1,598,611)
General Revenue				
Grants and contributions not restricted to specific programs				
State aid				1,175,519
Local revenue				100,441
Interest earnings				12,655
Contributed rent				240,196
Total general revenue				1,528,811
Change in Net Position				(69,800)
Net Position, Beginning of Year, As Restated				637,309
Net Position, End of Year				$ 567,509

	General
Assets	
Cash and investments	$ 946,967
State receivables	1,587
Federal receivables	234,620
Other receivables	1,099
Prepaid expenses and other deposits	148,767
Total assets	$ 1,333,040
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 230,809
Accrued liabilities	119,274
Unearned revenue	506,122
Total liabilities	856,205
Fund Balance	
Nonspendable	
Prepaid expenses and other deposits	148,767
Restricted for	
Special education	21,890
Other	203
CTE basic program	28,427
Building upgrade	250,000
Unassigned	27,548
Total fund balance	476,835
	$ 1,333,040

Total Fund Balance - Governmental Funds		$ 476,835
The cost of capital assets (equipment, vehicles and furniture and fixtures) purchased or constructed is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the School as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the statement of activities. Because depreciation expense does not affect financial resources, it is not reported in government funds.		
Costs of capital assets	508,976	
Depreciation expense to date	(398,191)	
		110,785
Long-term liabilities applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at year end are:		
Long-term liabilities		
Note payable	(20,111)	
		(20,111)
Net Position		$ 567,509

	General
Revenue	
State aid	$ 2,241,878
Federal aid	229,171
Earnings on investments	12,655
School fees	81,939
Contribution rent	240,196
Local contributions	290,954
Other local sources	18,502
Total revenue	3,115,295
Expenditures	
Instructional	1,650,444
Support services	
Students	140,905
Staff assistance	10,905
General	190,913
School administration	529,008
Central services	158,874
Operation and maintenance of facilities	324,631
Transportation	163,973
Total support services	1,519,209
Non-instructional	
Capital outlay	13,830
Debt service	
Principal	17,738
Interest	3,167
Total debt service	20,905
Total expenditures	3,204,388
Change in Fund Balance	(89,093)
Fund Balance, Beginning of Year, As Restated	565,928
Fund Balance, End of Year	$ 476,835

Total Net Change in Fund Balance - Governmental Funds		$ (89,093)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlay exceeded depreciation expense during the fiscal year:		
Capital outlay	13,830	
Depreciation expense	(12,275)	
		1,555
The governmental funds report repayment of long-term liability payments as expenditures. Interest is recognized as an expenditure in the governmental activities when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of debt and related items is as follows:		
Repayment of note payable	17,738	
		17,738
Change in Net Position of Governmental Activities		$ (69,800)

Note 1 - Summary of Significant Accounting Policies

Salt Lake School of Performing Arts (the School) was incorporated in the State of Utah on February 9, 2006, as a nonprofit organization involved in public education. The School operates a public charter school in Salt Lake City, Utah, and serves students from ninth through twelfth grade. The School provides the following activities: education, encompassing instruction, student and staff support activities and facilities maintenance and operation. Supporting services include general and administrative services which are overall entity-related administrative costs.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the School are described below.

Financial Reporting Entity

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

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

The funds of the School are classified as governmental funds. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for the School's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

The general fund is considered a major fund. Governmental funds include:

General fund – the primary operating fund of the School accounts for all financial resources, except those required to be accounted for in other funds.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the reporting government as a whole.

The statement of net position and the statement of activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenue, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions* in the GWFS.

Program Revenue

Program revenue included in the statement of activities derive directly from the program itself or from parties outside the School's citizenry, as a whole; program revenue reduces the cost of the function to be financed from the School's general revenue. Program revenue includes charges to students or applicants who purchase, use, or directly benefit from the goods or services provided by the given function.

Fund Financial Statements

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual defined as measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers all revenue available if they are generally collected within 90 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. With this measurement focus, only current assets and current liabilities and deferred outflows and inflows of resources, as applicable, are generally included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance.

The governmental funds use the following practices in recording revenue and expenditures:

Revenue

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

Other receipts become measurable and available (generally collected within 90 days of year-end) when cash is received by the School and are recognized as revenue at that time. The School's period of availability is 90 days subsequent to year end.

Expenditures

Salaries are recorded as incurred. The School has employees who do not work year-round, but receive salary payments on a monthly basis; salaries earned, but unpaid, have been accrued as of June 30, 2023.

Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Contributed Rent

The School leases its facility at a discounted rate, with the difference between the actual rental payments and the fair value of the rental payments being recognized as contributed rent of $240,196 for fiscal year 2023. A corresponding expense was recorded within operation and maintenance of facilities.

Receivables

All receivables are shown net of any allowance for uncollectible amounts. No allowances for uncollectible items have been recorded as of June 30, 2023.

Estimates

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

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated acquisition value at the date of donation. Estimated useful lives are management's estimate of how long the asset is expected to meet service demands. The School's capitalization threshold is $5,000. The cost of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives are not capitalized. Straight-line depreciation is used based on the following estimated useful lives:

Equipment	3-8 years
Vehicles	3-15 years
Furniture and fixtures	3-7 years

Unearned Revenue

Unearned revenue consists of grant funds that have been received but not yet earned expended. The funds must be returned if not used for qualifying expenses.

Long-Term Liabilities

For government-wide reporting, material premiums and discounts are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method. Debt is reported net of the applicable premium or discount. Issuance costs are expensed as incurred.

For fund financial reporting, premiums and discounts as well as issuance costs are recognized in the period the debt is issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Restricted Net Position

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use is either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

It is the School's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balances of Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School has historically shown prepaids as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the general obligations and are restricted through debt covenants.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action by the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

Assigned: This classification includes amounts that are constrained by the Board's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or by the Board delegating this responsibility to the Director/Principal or their designee through the budgetary process.

Unassigned: This classification includes the residual fund balance for the general fund and the amount established for minimum funding.

The School would typically use restricted fund balances first followed by committed resources and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Grants and Other Intergovernmental Revenue

Federal and state reimbursement-type grants are recorded as intergovernmental revenue when the related expenditures/expenses are incurred and, in the governmental funds, when the revenue meets the availability criterion.

Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at $10,000 of qualified wages through December 31, 2020.

The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at $7,000 per quarter. As a result of the changes to the credit, the maximum credit per employee increased from $10,000 in 2020 to $21,000 in 2021.

The School has elected to account for the credits as a government grant by applying International Accounting Standards (IAS) 20, *Accounting for Government Grants and Disclosure of Government Assistance*. Under this method, the School records grant revenue in accordance with IAS 20 when there is reasonable assurance that the School meets the terms for any conditions attached to the assistance and the assistance will not have to be returned.

During the year ended June 30, 2023, the School received $494,286 related to the credit which is presented as unearned revenue on the statement of net position and balance sheet – governmental funds due to uncertainty about the School qualifying for the credit.

Note 2 - Cash and Investments

At June 30, 2023, the School's cash and investments consisted of the following:

Cash			
Insured		$ 250,000	
Uninsured and not collateralized		357,900	
Total balance of deposits		$ 607,900	
	Rating	Fair Value	Investment Maturities
Investments			
PTIF	Unrated	$ 339,067	Less than 1 year
Total cash and investments		$ 946,967	

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act (the Act) that relate to the deposit and investment of public funds.

The School follows the requirements of the Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of School funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government, and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Act defines the types of securities authorized as appropriate investments for the School's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the School to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the state; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on a fair value basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments

The School measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs.

The investments consist only of PTIF funds which are classified as Level 2. The PTIF funds use the application of the June 30, 2023, fair value as calculated by the Utah State Treasurer to the School's average daily balance in the Fund. The School currently has no assets that qualify for Level 1 or 3 investments.

The following table illustrates the investments by the appropriate levels for the School:

	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2023				
PTIF	$ 339,067	$ -	$ 339,067	$ -

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The School's policy for managing custodial credit risk is to adhere to the Act. The Act requires all deposits of the School to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School's policy for reducing its exposure to credit risk is to comply with the Act, as previously discussed.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investment in a single issuer. The School's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the state to five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

Note 3 - Capital Assets

A summary of activity in the capital assets is as follows:

	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets being depreciated				
Equipment	$ 178,056	$ 13,830	$ -	$ 191,886
Vehicles	241,958	-	-	241,958
Furniture and fixtures	75,132	-	-	75,132
Total capital assets being depreciated	495,146	13,830	-	508,976
Less accumulated depreciation for				
Equipment	(150,325)	(5,125)	-	(155,450)
Vehicles	(160,877)	(6,733)	-	(167,610)
Furniture and fixtures	(74,714)	(417)	-	(75,131)
Total accumulated depreciation	(385,916)	(12,275)	-	(398,191)
Total capital assets, subject to depreciation	109,230	1,555	-	110,785
Total capital assets, net	$ 109,230	$ 1,555	$ -	$ 110,785

Depreciation expense was charged to operation and maintenance of facilities function of the School.

Note 4 - Long-Term Liabilities

A summary of activity for the long-term liabilities is as follows:

	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Due Within One Year
Note payable	$ 37,849	$ -	$ (17,738)	$ 20,111	$ 18,614

The note payable as of June 30, 2023, consists of the following:

Promissory note issued by a financial institution and had an original issue amount of $85,000. The note bears interest at 4.79%. The note requires monthly payments of principal and interest of $1,599 through July 2024. The proceeds were used to purchase a school bus.	$ 20,111

The annual requirements to pay principal and interest on the outstanding note payable is as follows:

Years Ending	Principal	Interest	Total
2024	$ 18,614	$ 574	$ 19,188
2025	1,597	2	1,599
Total	$ 20,211	$ 576	$ 20,787

Note 5 - Concentrations

The School's principal source of support is state and federal-based support revenue. For the year ended June 30, 2023, this funding source accounted for approximately 79% of all revenue.

Note 6 - Benefit Plan

The School has a 401(k) retirement plan. All full-time teachers and administrators are eligible to participate in the plan. The School contributes 5% of all eligible employee's salaries to the plan. The School contributed $55,267 to the plan during the year ended June 30, 2023. Plan assets are held by a third-party administrator.

Note 7 - Related Party Transactions

The School employs relatives of the School Principal/Director and School Board members to provide marketing, office support, instructional and administration services. The total salaries and amounts paid to these employees and individuals during the year ended June 30, 2023, totaled approximately $132,000.

Note 8 - Restatement

During the year ended June 30, 2023, the School identified a misstatement relating to timing of expense recognition of $139,883 related to tuition payments for Highland High School. The School restated its beginning net position and fund balance at July 1, 2022, to appropriately reflect the June 30, 2022 net position and fund balance balances.

The following is a summary of the effects of the restatement on the School's Statement of Activities and Statement of Revenue, Expenditures, and changes in Fund Balance – Governmental Funds:

	As Previously Reported	Adjustment	As Restated
As of June 30, 2022			
Net position	$ 777,192	$ (139,883)	$ 637,309
Fund balance	705,811	(139,883)	565,928

The effect of the restatement on the prior year Statement of Activities and Statement of Revenue, Expenditures, and changes in Fund Balance – Governmental Funds was a decrease in the change in net position and change in fund balance of $139,883.

Note 9 - Contingency

The School's credit filings remain open for potential examination by the Internal Revenue Service through the statue of limitations, which has varying expiration dates extending through 2027. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

Note 10 - Charter Expiration

The School's charter with the Utah Charter School Board expires on June 30, 2024. The School is currently working with the Charter School Board to extend the charter and believes the Charter School Board will renew the charter.

Note 11 - Subsequent Events

Effective August 1, 2023, the School entered into a 10 year lease for a new building. The lease requires payments of $50,000 per month, escalating at 7.5% biannually and includes the option for two extended five year terms. The lease required a $100,000 refundable security deposit that was paid prior to year end and included in prepaid expenses and other deposits on the Statement of Net Position and Balance Sheet – Governmental Funds.

Required Supplementary Information
June 30, 2023

Salt Lake School of Performing Arts

	Budgeted Amounts		Actual	Variance with Final Budget- Positive
	Original	Final	Amounts	(Negative)
Revenue				
State aid	$ 2,298,327	$ 2,303,232	$ 2,241,878	$ (61,354)
Federal aid	140,904	132,406	229,171	96,765
Earnings on investments	1,250	12,000	12,655	655
School fees	63,470	74,371	81,939	7,568
Contribution rent	-	-	240,196	240,196
Local contributions	54,000	44,717	290,954	246,237
Other local sources	10,558	507,457	18,502	(488,955)
Total revenue	2,568,509	3,074,183	3,115,295	41,112
Expenditures				
Instructional	1,745,856	1,744,606	1,650,444	94,162
Support services				
Students	42,119	82,894	140,905	(58,011)
Staff assistance	4,000	13,000	10,905	2,095
General	22,489	145,689	190,913	(45,224)
School administration	337,358	360,085	529,008	(168,923)
Central services	209,677	455,012	158,874	296,138
Operation and maintenance of facilities	169,359	125,194	324,631	(199,437)
Transportation	71,054	126,434	163,973	(37,539)
Total support services	856,056	1,308,308	1,519,209	(210,901)
Non-instructional				
Capital outlay	-	-	13,830	(13,830)
Debt service				
Principal	19,188	19,188	17,738	1,450
Interest	-	-	3,167	(3,167)
Total debt service	19,188	19,188	20,905	(1,717)
Total expenditures	2,621,100	3,072,102	3,204,388	(132,286)
Change in Fund Balance	$ (52,591)	$ 2,081	$ (89,093)	$ (91,174)

Note 1 - Basis of Budgeting

The School follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The School's Principal/Director is appointed as the budget officer. Before June 1 of each year, the budget officer shall prepare a tentative budget, with supporting documentation, to be submitted to the Board.
2. The tentative budget and supporting documents shall include the following items:
    a. The revenue and expenditures of the preceding fiscal year,
    b. The estimated revenue and expenditures of the current fiscal year,
    c. A detailed estimate of the essential expenditures for all the purposes for the next succeeding fiscal year, and
    d. The estimated financial condition of the School at the close of the fiscal year.
3. The tentative budget shall be filed with the School's Principal/Director for public inspection at least 15 days before the date of the tenant budget's proposed adoption by the Board.
4. Before June 30 of each year, the Board will adopt a budget for the next fiscal year.
5. By the sooner of July 15 or 30 days of adopting a budget, the Board will file a copy of the adopted budget with the state auditor and the State Board of Education.

Compliance Reports
June 30, 2023

Salt Lake School of Performing Arts

EideBailly
CPAs & BUSINESS ADVISORS

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*

The Board of Directors
Salt Lake School of Performing Arts
Salt Lake City, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Salt Lake School of Performing Arts (the School), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and the related notes to the financial statements and have issued our report thereon dated November 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 School's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2023-A that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result 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.

Eide Bailly LLP

Ogden, Utah
November 27, 2023

Independent Auditor's Report on Compliance and Report on Internal Control over Compliance as Required by the *State Compliance Audit Guide*

The Board of Directors
Salt Lake School of Performing Arts
Salt Lake City, Utah

Report on Compliance

We have audited Salt Lake School of Performing Arts (the School) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide,* issued by the Office of the State Auditor, for the year ended June 30, 2023.

State compliance requirements were tested for the year ended June 30, 2023, in the following areas:

Budgetary Compliance
Fraud Risk Assessment
Cash Management
Open and Public Meeting Act
Internal Control Systems
Public Education Programs

Opinion on Compliance

In our opinion, the School complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the state requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's government programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide* but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guide and which is described in the accompanying schedule of findings and questioned costs as item 2023-B. Our opinion on compliance is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the School's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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 to detect and correct noncompliance with a state compliance requirement 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 state compliance requirement 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 state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Eide Bailly LLP

Ogden, Utah
November 27, 2023

Section I – Financial Statement Findings

2023-A Restatement

Criteria: A restatement was made for beginning net position and fund balance at July 1, 2022.

Condition: The School restated its beginning net position and fund balance at July 1, 2022, to appropriately reflect the June 30, 2022 net position and fund balance balances.

Cause: Prior year expenses in the amount of $139,883 related to Highland High School tuition charges related to fiscal year 2022 were recorded in fiscal year 2023.

Effect: A restatement was made for beginning net position and fund balance at July 1, 2022, as those balances were overstated.

Recommendation: We recommend that the School create policies and procedures to ensure that all expenses are recorded in the proper year.

Management Response: We agree with the finding and will work to ensure that all expenses are recorded in the proper year.

Section II – Compliance Findings

2023-B Budgetary Compliance

Criteria: The Budgetary Compliance guidelines require the School to limit total expenses to the amounts appropriated in the final adopted budget.

Condition: For the year ended June 30, 2023, the School had total expenses that exceed the final adopted budgeted amounts.

Cause: Total expenses for the year ended June 30, 2023, exceeded the final adopted budgeted amounts. The primary reason the School exceed the budget during fiscal year 2023 was due to an in-kind expenditure for contributed rent totaling $240,196 that was not included in the amended budget.

Effect: For the year ended June 30, 2023, the School was not compliant with the above criteria.

Recommendation: We recommend that the School review their final budget to include in-kind rent and ensure that actual expenses do not exceed budgeted expenses.

Management Response: We will include in-kind rent in our budget going forward and ensure training is provided so that the actual expenses do not exceed budgeted amounts.