# UTAH INTERNATIONAL CHARTER SCHOOL

## Financial Statements

Year Ended June 30, 2024

**UTAH INTERNATIONAL CHARTER SCHOOL**
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Year Ended June 30, 2024


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Independent Auditor's Report

Board of Trustees
Utah International Charter School

**Report on the Basic Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and the general fund of Utah International Charter School (the School) as of and for the year ended June 30, 2024, 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Utah International Charter School as of June 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund 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. 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 Utah International Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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 Utah International Charter 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 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 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 Utah International Charter 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 Utah International Charter 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 required supplementary 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 21, 2024, 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.

Squire & Company, PC

Orem, Utah
November 21, 2024

## Management's Discussion and Analysis

This section of the financial report of Utah International Charter School (the School) presents management's discussion and analysis of the School's financial performance during the year ended June 30, 2024.

### Financial Highlights

- The School's assets exceeded its liabilities at the close of the most recent fiscal year by $1,680,388 (net position). Of this amount $1,507,751 (unrestricted net position) may be used to meet the School's ongoing obligations to students, employees, and creditors.
- During the year, expenses were $353,573 less than the $3,898,291 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 $3,830,523 in 2024. Instruction expenses totaled $1,948,749 in 2024.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The School's basic financial statements comprise three components: a) government-wide financial statements, b) fund financial statements, and c) notes to the basic financial statements.

#### *Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a consolidated broad overview of the School's finances, in a manner similar to a private-sector business or nonprofit organization.

The *statement of net position* presents information on all the assets, liabilities, with the remainder being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The School's government-wide financial statements are reported as *governmental activities*. The School's basic services are included here, such as instruction, various supporting services, and food services. State and federal grants finance most of these activities.

#### *Fund Financial Statements*

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School's accounting demonstrates compliance with finance-related legal requirements.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains one individual governmental fund (the *general fund)*. The School adopts an annual appropriated budget for its *general fund*. A budgetary comparison statement is provided for the *general fund* to demonstrate compliance with this budget.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Government-wide Financial Analysis**

**UTAH INTERNATIONAL CHARTER SCHOOL**

Governmental Activities - Net Position

June 30, 2024 and 2023

| | 2024 | 2023 | Total change 2024-2023 |
|---|---|---|---|
| Current and other assets | $ 1,999,867 | $ 1,535,069 | $ 464,798 |
| Capital assets, net | 68,711 | 71,254 | (2,543) |
| Total assets | 2,068,578 | 1,606,323 | 462,255 |
| Current and other liabilities | 388,190 | 279,508 | 108,682 |
| Total liabilities | 388,190 | 279,508 | 108,682 |
| Net position: | | | |
| Investment in capital assets | 68,711 | 71,254 | (2,543) |
| Restricted | 103,926 | 109,727 | (5,801) |
| Unrestricted | 1,507,751 | 1,145,834 | 361,917 |
| Total net position | $ 1,680,388 | $ 1,326,815 | $ 353,573 |

As noted earlier, net position may serve over time as a useful indicator of a school's financial position. In the School's case, assets exceeded liabilities by $1,680,388 at the close of the most recent fiscal year.

- A portion of the School's net position ($68,711) reflects the School's investment in capital assets (e.g., equipment, furniture and fixtures, and leasehold improvements, net of accumulated depreciation). The School uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.
- An additional portion of the School's net position ($103,926) represents resources that are subject to external restrictions on how they may be used. This restricted balance is for food services and student activities.
- The remaining net position ($1,507,751) is unrestricted.

The School's net position increased by $353,573 during the current year from activities. The following discussion and analysis on governmental activities focuses on this increase.

**UTAH INTERNATIONAL CHARTER SCHOOL**

Governmental Activities - Changes in Net Position

Years Ended June 30, 2024 and 2023

| | 2024 | 2023 | Total change 2024-2023 |
|---|---|---|---|
| **Revenues:** | | | |
| Program revenues: | | | |
| Charges for services | $ 3,132 | $ 451 | $ 2,681 |
| Operating grants and contributions | 2,296,574 | 1,699,557 | 597,017 |
| General revenues: | | | |
| Federal and state revenue not restricted to specific purposes | 1,533,949 | 1,543,795 | (9,846) |
| Earnings on investments | 53,681 | 33,315 | 20,366 |
| Other | 10,955 | 5,404 | 5,551 |
| Total revenues | 3,898,291 | 3,282,522 | 615,769 |
| **Expenses:** | | | |
| Instruction | 1,948,749 | 1,703,065 | 245,684 |
| Supporting services | 1,328,075 | 1,008,450 | 319,625 |
| Food services | 267,894 | 245,607 | 22,287 |
| Total expenses | 3,544,718 | 2,957,122 | 587,596 |
| Change in net position | 353,573 | 325,400 | 28,173 |
| **Net position - beginning** | 1,326,815 | 1,001,415 | 325,400 |
| **Net position - ending** | $ 1,680,388 | $ 1,326,815 | $ 353,573 |

- Revenues totaled $3,898,291 for the year ended June 30, 2024. Of this amount, $3,830,523 was from state and federal sources. Also, total expenses were $3,544,718 during the same period. Of this amount $1,948,749 was spent on instruction and $1,328,075 was spent on supporting services.
- State revenue is based primarily on weighted pupil units (WPUs) and other appropriations. If a student is in membership a full 180 days, the state awards the School one WPU. Certain students receive a weighting greater than one. The state provides the School with additional funding intended to represent the local taxes assessed by school districts. The value of the WPU increased by 6.0% during the year ended June 30, 2024 ($4,280 during 2024 as compared to $4,038 in 2023).

**Governmental Fund Financial Analysis**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. The School's *general fund* completed the year with a fund balance of $1,611,677, an increase of $356,116 from the previous year. In addition, the following other changes in fund balances should be noted:

- Expenditures for the *general fund* totaled $3,542,175. Instruction represents 55% of *general fund* expenditures.
- *General fund* salaries totaled $1,952,470 while the associated employee benefits of retirement, social security, and insurance (health and accident, industrial, and unemployment) added $469,377 to arrive at 68% of total *general fund* expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories and prepaid items that are not expected to be converted to cash. *Restricted* includes net fund resources that are subject to external constraints due to state or federal laws, or externally-imposed conditions by grantors or creditors. *Committed* balances reflect the self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the *general fund* and other governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2024, the *general fund* balance is $1,611,677 ($4,998 in nonspendable, $103,926 in restricted, and $1,502,753 in unassigned fund balances).

***General Fund* Budgetary Highlights**

During the year, the Board revised the School's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of $315,849 in total *general fund* expenditures to reflect anticipated increases in the costs of purchased services and supplies. During the year, final budgeted revenues were decreased by $78,172 to reflect anticipated decreases in state revenues.

Even with these adjustments, actual expenditures were $31,487 less than final budgeted amounts. These variances normally result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

## Capital Asset and Debt Administration

### *Capital Assets*

The School's investment in capital assets for its governmental activities as of June 30, 2024 amounts to $68,711 (net of accumulated depreciation). This includes equipment, furniture and fixtures, and leasehold improvements.

Capital assets at June 30, 2024 and 2023 are outlined below:

**UTAH INTERNATIONAL CHARTER SCHOOL'S Capital Assets**
**June 30, 2024 and 2023**
(net of accumulated depreciation)

| | Governmental activities | | Total change |
|---|---|---|---|
| | 2024 | 2023 | 2024-2023 |
| Equipment | $ 6,228 | $ 2,148 | $ 4,080 |
| Furniture and fixtures | - | 110 | (110) |
| Leasehold improvements | 62,483 | 68,996 | (6,513) |
| Total capital assets | $ 68,711 | $ 71,254 | $ (2,543) |

Refer to Note 3 to the basic financial statements for additional information on the School's capital assets.

## Enrollment

The School anticipates student enrollment to remain relatively constant. The following enrollment information is based on the five most recent annual October 1 counts:

| Year Ended June 30, | October 1 Enrollment |
|---|---|
| 2024 | 224 |
| 2023 | 236 |
| 2022 | 191 |
| 2021 | 218 |
| 2020 | 230 |

## Contacting the School's Management

This financial report is designed to provide citizens, taxpayers, students, and investors and creditors with a general overview of Utah International Charter School's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School at 350 East Baird Circle Salt Lake City, Utah 84115.

# Basic Financial Statements

**UTAH INTERNATIONAL CHARTER SCHOOL**
**Statement of Net Position**
June 30, 2024

| | Governmental Activities |
|---|---|
| **Assets:** | |
| Cash and investments | $ 1,654,609 |
| Receivables: | |
| Local | 3,191 |
| State | 106,970 |
| Federal | 230,099 |
| Prepaid items | 4,998 |
| Capital assets: | |
| Leasehold improvements and other | 68,711 |
| Total assets | 2,068,578 |
| **Liabilities:** | |
| Accounts payable | 131,096 |
| Payroll and benefits payable | 144,613 |
| Unearned revenue: | |
| State | 112,481 |
| Total liabilities | 388,190 |
| **Net position:** | |
| Investment in capital assets | 68,711 |
| Restricted | 103,926 |
| Unrestricted | 1,507,751 |
| Total net position | $ 1,680,388 |

The notes to the basic financial statements are an integral part of this statement.

**UTAH INTERNATIONAL CHARTER SCHOOL**
**Statement of Activities**
Year Ended June 30, 2024

| Activities and Functions | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Instruction | $ 1,948,749 | $ 3,132 | $ 1,276,339 | $ (669,278) |
| Supporting services: | | | | |
| Student | 222,579 | - | 159,391 | (63,188) |
| Instructional staff | 11,693 | - | 2,202 | (9,491) |
| General administration | 7,136 | - | 5,744 | (1,392) |
| School administration | 420,770 | - | 77,530 | (343,240) |
| Central | 168,838 | - | 142,475 | (26,363) |
| Operation and maintenance of facilities | 464,563 | - | 313,000 | (151,563) |
| Student transportation | 32,496 | - | 27,598 | (4,898) |
| Food services | 267,894 | - | 292,295 | 24,401 |
| | $ 3,544,718 | $ 3,132 | $ 2,296,574 | (1,245,012) |
| **General revenues:** | | | | |
| Federal and state revenue not restricted to specific purposes | | | | 1,533,949 |
| Earnings on investments | | | | 53,681 |
| Other | | | | 10,955 |
| Total general revenues | | | | 1,598,585 |
| Change in net position | | | | 353,573 |
| **Net position - beginning** | | | | 1,326,815 |
| **Net position - ending** | | | | $ 1,680,388 |

The notes to the basic financial statements are an integral part of this statement.

**UTAH INTERNATIONAL CHARTER SCHOOL**
**Balance Sheet − Governmental Fund**
June 30, 2024

| | General Fund |
|---|---|
| **Assets:** | |
| Cash and investments | $ 1,654,609 |
| Receivables: | |
| Local | 3,191 |
| State | 106,970 |
| Federal | 230,099 |
| Prepaid items | 4,998 |
| Total assets | $ 1,999,867 |
| **Liabilities:** | |
| Accounts payable | $ 131,096 |
| Payroll and benefits payable | 144,613 |
| Unearned revenue: | |
| State | 112,481 |
| Total liabilities | 388,190 |
| **Fund balances:** | |
| Nonspendable prepaid items | 4,998 |
| Restricted for: | |
| Food services | 52,923 |
| Student activities | 51,003 |
| Unassigned | 1,502,753 |
| Total fund balances | 1,611,677 |
| Total liabilities and fund balances | $ 1,999,867 |

The notes to the basic financial statements are an integral part of this statement.

**UTAH INTERNATIONAL CHARTER SCHOOL**
**Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position**
June 30, 2024

| | | |
|---|---|---|
| **Total fund balances for the governmental fund** | $ | 1,611,677 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in the governmental fund are not financial resources and therefore are not reported in the fund. Capital assets are reported, net of accumulated depreciation in the statement of net position. | | 68,711 |
| **Total net position of governmental activities** | $ | 1,680,388 |

The notes to the basic financial statements are an integral part of this statement.

**UTAH INTERNATIONAL CHARTER SCHOOL**
**Statement of Revenues, Expenditures, and Changes in Fund Balances − Governmental Fund**
Year Ended June 30, 2024

| | General Fund |
|---|---|
| **Revenues:** | |
| Local: | |
| Earnings on investments | $ 53,681 |
| Student activities | 2,677 |
| Transportation | 455 |
| Other | 10,955 |
| State | 2,919,999 |
| Federal | 910,524 |
| Total revenues | 3,898,291 |
| **Expenditures:** | |
| Current: | |
| Instruction | 1,940,985 |
| Supporting services: | |
| Students | 222,579 |
| Instructional staff | 11,693 |
| General administration | 7,136 |
| School administration | 426,904 |
| Central | 168,838 |
| Operation and maintenance of facilities | 464,289 |
| Student transportation | 32,405 |
| Food services | 267,346 |
| Total expenditures | 3,542,175 |
| Excess of revenues over expenditures / net change in fund balances | 356,116 |
| **Fund balances - beginning** | 1,255,561 |
| **Fund balances - ending** | $ 1,611,677 |

The notes to the basic financial statements are an integral part of this statement.

**UTAH INTERNATIONAL CHARTER SCHOOL**
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities**
Year Ended June 30, 2024

| | | |
|---|---|---|
| **Net change in fund balances for the governmental fund** | $ | 356,116 |
| The change in net position for governmental activities in the statement of activities is different because: | | |
| The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | | |
| Capital outlays | | 6,591 |
| Depreciation expense | | (9,134) |
| **Change in net position of governmental activities** | $ | 353,573 |

The notes to the basic financial statements are an integral part of this statement.

**UTAH INTERNATIONAL CHARTER SCHOOL**
**Statement of Revenues, Expenditures, and Changes in Fund Balances − Budget and Actual − General Fund**
Year Ended June 30, 2024

| | Budgeted Amounts | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Revenues:** | | | | |
| Local: | | | | |
| Earnings on investments | $ 32,500 | $ 50,000 | $ 53,681 | $ 3,681 |
| Student activities | 1,000 | 3,100 | 2,677 | (423) |
| Transportation | 400 | 550 | 455 | (95) |
| Other | 5,500 | 10,500 | 10,955 | 455 |
| State | 2,855,865 | 2,834,963 | 2,919,999 | 85,036 |
| Federal | 1,003,967 | 921,947 | 910,524 | (11,423) |
| Total revenues | 3,899,232 | 3,821,060 | 3,898,291 | 77,231 |
| **Expenditures:** | | | | |
| Current: | | | | |
| Instruction | 1,841,661 | 1,913,165 | 1,940,985 | (27,820) |
| Supporting services: | | | | |
| Students | 188,268 | 238,115 | 222,579 | 15,536 |
| Instructional staff | 98,000 | 34,000 | 11,693 | 22,307 |
| General administration | 7,400 | 8,800 | 7,136 | 1,664 |
| School administration | 340,803 | 490,820 | 426,904 | 63,916 |
| Central | 101,976 | 171,976 | 168,838 | 3,138 |
| Operation and maintenance of facilities | 400,205 | 439,786 | 464,289 | (24,503) |
| Student transportation | 39,500 | 37,000 | 32,405 | 4,595 |
| Food services | 240,000 | 240,000 | 267,346 | (27,346) |
| Total expenditures | 3,257,813 | 3,573,662 | 3,542,175 | 31,487 |
| Excess of revenues over expenditures / net change in fund balances | 641,419 | 247,398 | 356,116 | 108,718 |
| **Fund balances - beginning** | 1,255,561 | 1,255,561 | 1,255,561 | - |
| **Fund balances - ending** | $ 1,896,980 | $ 1,502,959 | $ 1,611,677 | $ 108,718 |

The notes to the basic financial statements are an integral part of this statement.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Utah International Charter School (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 is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School's more significant accounting policies are described below.

### Reporting Entity

Utah International Charter School (the School) was incorporated in the state of Utah on February 17, 2012 as a nonprofit organization involved in public education. The School operates a public charter school in Salt Lake City, Utah and serves students in grades six through twelve.

### Government-Wide and Fund Financial Statements

The *government-wide financial statements* (the statement of net position and the statement of activities) display financial activities of the School. These statements include the financial activities of the overall government.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instruction, school administration, operation and maintenance of facilities, and food services) are ratably included in the direct expenses of the appropriate functions. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include a) fees and charges paid by students and other recipients of goods or services offered by a given function, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a function. Revenues that are not classified as program revenues are presented as general revenues.

The School reports the *general fund*, the School's primary operating fund, as a major governmental fund. The *general fund* accounts for all financial resources of the School.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School receives value without directly giving equal value in exchange, include grants and contributions. On an accrual basis, revenue from grants and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year end. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term

debt, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered measurable and available only when the School receives cash.

**Budgetary Data**

The School submits a Board-approved annual budget to the Office of the Utah State Auditor in accordance with state requirements. The Board may amend the annual budget prior to year-end. The budget has been prepared on the modified accrual basis of accounting. Revenues are budgeted by source and program. Expenditures are budgeted by function and object.

Expenditure-driven grants are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures are incurred and all other grant requirements are met; unspent grant amounts are carried forward and included in the succeeding fiscal year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

**Capital Assets**

Capital assets, which include equipment and furniture and fixtures, are reported in the government-wide financial statements. The School defines capital assets as assets with an initial, individual cost of more than $1,000 for equipment, furniture and fixtures, and leasehold improvements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Buildings and improvements and equipment and buses are depreciated using the straight-line method over the estimated useful lives as indicated in the chart below:

| Asset Class | Depreciable Lives (Years) |
|---|---|
| Equipment | 3 to 5 |
| Furniture and fixtures | 7 |
| Leasehold improvements | 15 |

**Unearned Revenue**

Unearned revenue for the School represents amounts received for grants whose purpose restrictions have not been met. Revenue is recognized for restricted grants only when all restrictions on those funds are satisfied.

**Net Position/Fund Balances**

The residual of all other elements presented in a statement of net position is *net position* on the government-wide financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: net investment in capital assets (capital assets, net of accumulated depreciation and related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the School is bound to honor them.

**Net Position/Fund Balance Flow Assumption**

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

*Net Position* – It is the School's policy to consider restricted net position to have been depleted before unrestricted net position.

*Fund Balance* – It is the School's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## NOTE 2 – DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments at June 30, 2024, as shown on the financial statements, is as follows:

| | |
|---|---|
| Carrying amount of deposits | $ 329,620 |
| Carrying amount of investments | 1,324,989 |
| Total | $ 1,654,609 |

The School complies with the State Money Management Act (*Utah Code* Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling depository and investing transactions. School funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the School to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, first-tier commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The School considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

**Deposits**

The School's carrying amount of bank deposits at June 30, 2024 is $329,620. The bank balance is $374,671, of which $250,000 is covered by federal depository insurance.

*Custodial Credit Risk* – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The School does not have a formal deposit policy for custodial credit risk other than to comply with the Act. At June 30, 2024, the uninsured amount of bank deposits was uncollateralized nor is it required by state law.

**Investments**

At June 30, 2024, the School has $1,324,989 invested with the PTIF.

The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state. Participants in the PTIF share proportionally in the income, costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which consists of debt securities held by the State or in the State's name by the State's custodial banks, including investment-grade corporate bonds and notes, money market mutual funds, first-tier commercial paper, and certificates of deposit. The portfolio has a weighted average maturity of 90 days or less. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single issuer. The reported value of the pool is the same as the fair value of the pool shares and is not required to be reported in the fair value hierarchy.

*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 manages exposure to interest rate risk by complying with the Act, which requires the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, and fixed-rate securities from 270 days to 15 months. In addition, variable-rate securities may not have a remaining term to final maturity exceeding three years.

*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 and related rules. The Act and related rules limit investments in commercial paper to a first-tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service or by Standard & Poor's.

*Concentration of Credit Risk* – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and/or corporate obligations to 5% of the total portfolio with a single issuer.

*Custodial Credit Risk* – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School's policy for managing this risk is to comply with the Act and related rules.

## NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| Capital assets being depreciated: | | | | |
| Equipment | $ 46,529 | $ 6,591 | $ - | $ 53,120 |
| Furniture and fixtures | 9,723 | - | - | 9,723 |
| Leasehold improvements | 97,694 | - | - | 97,694 |
| Total capital assets being depreciated | 153,946 | 6,591 | - | 160,537 |
| Accumulated depreciation for: | | | | |
| Equipment | (44,381) | (2,511) | - | (46,892) |
| Furniture and fixtures | (9,613) | (110) | - | (9,723) |
| Leasehold improvements | (28,698) | (6,513) | - | (35,211) |
| Total accumulated depreciation | (82,692) | (9,134) | - | (91,826) |
| Total capital assets, net | $ 71,254 | $ (2,543) | $ - | $ 68,711 |

For the year ended June 30, 2024, depreciation expense was charged to functions as follows:

| | |
|---|---|
| **Governmental activities:** | |
| Instruction | $ 7,764 |
| Supporting services: | |
| School administration | 457 |
| Operation and maintenance of facilities | 274 |
| Student transportation | 91 |
| Food services | 548 |
| Total depreciation expense, governmental activities | $ 9,134 |

## NOTE 4 – RETIREMENT PLANS

### Defined Contribution Plan

The School participates in a deferred compensation retirement plan – under Internal Revenue Code Section 401(k) – that covers all full-time employees. School matching contributions to the plan were $149,925 for the year ended June 30, 2024. Plan assets are held by a third-party administrator.

## NOTE 5 – RISK MANAGEMENT

The School maintains insurance coverage for general, personal injury, errors and omissions, and malpractice liability up to $1,000,000 per occurrence through policies administered by the Utah State Risk Management Fund (the Fund). The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The School pays annual premiums to the Fund. This is a pooled arrangement where the participants pay experience rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. There were no settlements in excess of the insurance coverage in any of the past three years.

The Workers Compensation Fund of Utah covers all School employees for workers compensation. The State of Utah Department of Workforce Services provides unemployment insurance. There were no settlements in excess of the insurance coverage in any of the past three years.

## NOTE 6 – COMMITMENTS

### Facilities

The School has a short-term lease with Granite School District for its facilities. Monthly rent payments were $18,445 during the year ended June 30, 2024. Rent expense was $220,364 for the year ended June 30, 2024. The School renewed the short-term lease with Granite School District for August 1, 2025 until July 31, 2026. Payments on this lease during 2025 will be $19,100 per month.

### Management Agreement

In July 2022, the School entered into an agreement with Red Apple Financial whereby Red Apple Financial agrees to provide certain fiscal and administrative services to the School. Red Apple Financial will receive compensation in the amount of $5,098 per month for the year ending June 30, 2025. The agreement can be terminated by either party with a 60-day written notice. The fee incurred by the School was $72,672 for the year ended June 30, 2024.

## NOTE 7 – LITIGATION AND COMPLIANCE

At certain times, claims or lawsuits are pending in which the School is involved. School counsel and insurance carriers estimate that the potential obligations resulting from such claims or litigation would not materially affect the School's financial statements.

The School receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the School's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *general fund*. Based on prior experience, administration believes such disallowance, if any, would be insignificant.

# UTAH INTERNATIONAL CHARTER SCHOOL

## Compliance Reports

Year Ended June 30, 2024

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**UTAH INTERNATIONAL CHARTER SCHOOL**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
Year Ended June 30, 2024

| Grantor/Pass-through Grantor/Program Title | Assistance Listing Number | Pass-through Grantor Identifying Number | Passed Through to Subrecipients | Receivable (Unearned) June 30, 2023 | Receipts | Expenditures | Receivable (Unearned) June 30, 2024 |
|---|---|---|---|---|---|---|---|
| **U.S. DEPARTMENT OF AGRICULTURE:** | | | | | | | |
| Passed through Utah State Board of Education: | | | | | | | |
| *Child Nutrition Cluster:* | | | | | | | |
| School Breakfast Program | 10.553 | SBP | $ - | $ 3,350 | $ 73,847 | $ 71,938 | $ 1,441 |
| National School Lunch Program | 10.555 | ASSP, NSLF, NSLP, SCA | - | 8,067 | 172,073 | 169,179 | 5,173 |
| Total Child Nutrition Cluster | | | - | 11,417 | 245,920 | 241,117 | 6,614 |
| Pandemic EBT Administrative Costs | 10.649 | PEBT | - | - | 653 | 653 | - |
| Total U.S. Department of Agriculture | | | - | 11,417 | 246,573 | 241,770 | 6,614 |
| **U.S. DEPARTMENT OF EDUCATION:** | | | | | | | |
| Passed through Utah State Board of Education: | | | | | | | |
| *Special Education Cluster (IDEA):* | | | | | | | |
| Special Education Grants to States | 84.027 | FTFL, STAC | - | 3,414 | 21,683 | 59,008 | 40,739 |
| Education Stabilization Fund (ESF): | | | | | | | |
| COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund | 84.425D | ESSR | - | 28,839 | 49,313 | 20,474 | - |
| COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U | ARPF, ARPL | - | - | 316,719 | 343,406 | 26,687 |
| Total Education Stabilization Fund (ESF) | | | - | 28,839 | 366,032 | 363,880 | 26,687 |
| Title I Grants to Local Educational Agencies | 84.010 | T1FT | - | 31,804 | 90,412 | 201,310 | 142,702 |
| Twenty-First Century Community Learning Centers | 84.287 | ASFT | - | - | - | 9,284 | 9,284 |
| English Language Acquisition State Grants | 84.365 | ELFT | - | 9,697 | 31,369 | 25,537 | 3,865 |
| Supporting Effective Instruction State Grants | 84.367 | 2FT | - | 11,230 | 20,757 | 9,735 | 208 |
| Total U.S. Department of Education | | | - | 84,984 | 530,253 | 668,754 | 223,485 |
| **TOTAL FEDERAL AWARDS** | | | $ - | $ 96,401 | $ 776,826 | $ 910,524 | $ 230,099 |

The accompanying notes are an integral part of this schedule.

## UTAH INTERNATIONAL CHARTER SCHOOL
## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### NOTE A – BASIS FOR PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Utah International Charter School (the School) under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the School.

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 to the School's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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
Utah International Charter School

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 the governmental activities and the general fund of Utah International Charter School (the School) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 21, 2024.

**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 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 the 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 financial statements. However, providing an opinion on compliance with those provisions was not

an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Squire & Company, PC

Orem, Utah
November 21, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule in of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Utah International Charter School

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Program***

We have audited Utah International Charter School (the School)'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. The School's federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. 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 requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether the noncompliance with compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on out audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one 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 substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 Uniform Guidance, 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, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Report on Internal Control over Compliance**

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

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

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

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities and the general fund of Utah International Charter School as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon dated November 21, 2024, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Squire + Company, PC

Orem, Utah
November 21, 2024

## UTAH INTERNATIONAL CHARTER SCHOOL
## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No findings were reported in the prior year.

## UTAH INTERNATIONAL CHARTER SCHOOL
## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### SECTION I – SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness identified | No |
| Significant deficiency identified | None reported |
| Noncompliance material to financial statements noted? | No |

**Federal Awards**

| | |
|---|---|
| Internal control over major federal programs: | |
| Material weakness identified | No |
| Significant deficiency identified | None reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a): | No |

**Identification of Major Federal Programs**

Name of Federal Program (Assistance Listing Number)

Education Stabilization Fund:
Elementary and Secondary School Emergency Relief (ESSER) Fund (84.425D)
American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) (84.425U)
*Special Education Cluster (IDEA):*
Special Education Grants to States (84.027)

| | |
|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | No |

### SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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

Board of Directors
Utah International Charter School

**Report on Compliance**

***Opinion on Compliance***

We have audited Utah International Charter School's (the School) compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2024:

Budgetary Compliance
Fund Balance
Fraud Risk Assessment
Open and Public Meetings Act
Internal Control Systems
Public Education Programs

In our opinion, Utah International Charter School complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2024.

***Basis for Opinion on Compliance***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide,* issued by the Office of the Utah State Auditor. 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 on compliance. 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 compliance requirements referred to above.

***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 *State Compliance Audit 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 the School's compliance with the requirements of the *State Compliance Audit Guide* as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State Compliance Audit 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 the 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.

**Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Squire & Company, PC

Orem, Utah
November 21, 2024