

CHARTERCHOICE COLLABORATIVE (SFA)

BASIC FINANCIAL STATEMENTS

June 30, 2023

TABLE OF CONTENTS

| FINANCIAL SECTION | PAGE |
|---|-------------|
| Independent Auditor's Report | |
| Management's Discussion and Analysis | i - v |
| Basic Financial Statements | |
| Statement of Net Position | 1 |
| Statement of Activities | 2 |
| Balance Sheet – Governmental Funds | 3 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 4 |
| Notes to the Financial Statements | 5 – 13 |
| Required Supplementary Information | |
| Budgetary Comparison Schedule – General Fund | 14 |
| Budgetary Comparison Schedule – School Food Authority | 15 |
| Auditor's Integrity Report – Colorado Department of Education | 16 |
| Compliance | |
| Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 17-18 |
| Independent Auditor's Report On Compliance for Each Major Program And On Internal Control over Compliance Required By Uniform Guidance | 19-21 |
| Schedule of Expenditures of Federal Awards | 22 |
| Notes to The Schedule of Expenditures of Federal Awards | 23 |
| Schedule of Findings and Questioned Costs | 24-25 |

FINANCIAL SECTION



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

Board of Directors
Charter Choice Collaborative (SFA)
Littleton, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Charter Choice Collaborative (SFA) (the "Collaborative"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Collaborative'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 each major fund of the Charter Choice Collaborative (SFA) as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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 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 the Collaborative, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Collaborative'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 generally accepted auditing standards 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 generally accepted auditing standards 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 Collaborative'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 Collaborative'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 the budgetary comparison information, on pages 14-15 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the Collaborative'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 Collaborative'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 Collaborative's internal control over financial reporting and compliance.

PB Solutions LLC

Littleton, Colorado
November 30, 2023

CharterChoice Collaborative
Management Discussion and Analysis
June 30, 2023

As management of CharterChoice Collaborative (CCC or the Collaborative), we offer readers of CharterChoice Collaborative's financial statements our narrative overview and analysis of the financial activities of the Collaborative for the fiscal year ended June 30, 2023.

Financial Highlights

The year ended June 30, 2023 is the eleventh year of operations for CCC acting as a School Food Authority (SFA) under the National School Lunch Program. As of June 30, 2023, net position increased by \$117,565 to \$677,982.

The operations of the Collaborative are funded primarily by state and federal grants. Such revenue for the year was \$4,894,333. At the close of the fiscal year, CharterChoice Collaborative's governmental funds reported an ending fund balance of \$677,982, an increase of \$117,565 from the prior year.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Collaborative's basic financial statements. The Collaborative's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

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

The statement of net position presents information on all the Collaborative's assets, liabilities, and deferred inflows and outflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Collaborative is improving or deteriorating.

The statement of activities presents information showing how the Collaborative's 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 (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the Collaborative supported primarily by state and federal revenue from participating schools. The governmental activities of the Collaborative include supporting services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Collaborative, like other governmental units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The Collaborative has two governmental funds. 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 Collaborative'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 Collaborative'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 Collaborative adopts annually appropriated budgets for both funds. Budgetary comparison schedules for both governmental funds have been provided herein.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided on pages 5-13.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Collaborative's financial position. In the case of the CharterChoice Collaborative, assets exceeded liabilities resulting in a net position of \$677,982 in FY 2022-2023. Of the Collaborative's total net position, \$9,200 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment. Accordingly, these funds are not available to satisfy the Collaborative's general operating expenses.

CharterChoice Collaborative's Net Position Governmental Activities

| | <u>June 30, 2023</u> | <u>June 30, 2022</u> |
|----------------------------|----------------------|----------------------|
| ASSETS | | |
| Cash and Investments | \$ 685,433 | \$ 700,264 |
| Accounts Receivable | 1,073,017 | 1,978,693 |
| Total Assets | 1,758,450 | 2,678,957 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | 1,010,384 | 1,927,560 |
| Accrued Expenses | 4,435 | 12,705 |
| Unearned Revenue | 65,649 | 178,275 |
| Total Liabilities | 1,080,468 | 2,118,540 |
| NET POSITION | | |
| Restricted for Emergencies | 9,200 | 13,000 |
| Unrestricted | 668,782 | 547,417 |
| Total Net Position | \$ 677,982 | \$ 560,417 |

The largest portion of the Collaborative's assets is in accounts receivable, at 61% of total assets in 2023.

**CharterChoice Collaborative’s Change in Net Position
Governmental Activities**

| | <u>June 30, 2023</u> | <u>June 30, 2022</u> |
|--|----------------------|----------------------|
| Program Revenue: | | |
| Charges for Services | \$ 733,652 | \$ 441,843 |
| Operating Grants and Contributions | 4,894,333 | 7,612,888 |
| Capital Contributions | - | - |
| Total Program Revenue | 5,627,985 | 8,054,731 |
| General Revenue: | | |
| Other | 51,034 | 1,603 |
| Total General Revenue | 51,034 | 1,603 |
| Total Revenue | 5,679,019 | 8,056,334 |
| Expenses: | | |
| Supporting Services | 5,561,454 | 7,889,193 |
| Total Expenses | 5,561,454 | 7,889,193 |
| Increase/(Decrease) in Net Position | 117,565 | 167,141 |
| Net Position, Beginning | 560,417 | 393,276 |
| Net Position, Ending | \$ 677,982 | \$ 560,417 |

The largest portion of the Collaborative’s revenues came from operating grants and contributions – 86% in 2023.

Financial Analysis of the Government’s Funds

As noted earlier, the Collaborative uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the Collaborative’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Collaborative’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Collaborative’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Collaborative’s General Fund reported an ending fund balance of \$677,982, an increase of \$117,565 from the prior year. The Collaborative’s School Food Authority reported an ending fund balance of \$0, a \$0 change from the prior year.

General Fund Budgetary Highlights

The Collaborative approves a budget annually based on projections for the school year. Budget amendments may occur during the year based on the number of schools participating in the National School Lunch Program through the Collaborative or based on grants received to expand programs. At year-end, the Collaborative had some variances between its final budgeted and actual activities. The Collaborative recognized \$31 less revenue than expected and spent \$4,946 less than planned, when compared to the final General Fund budget. The Collaborative recognized \$850 less revenue than expected and spent \$850 less than planned, when compared to the final School Food Authority budget.

Right-to-Use Assets

The Governmental Accounting Standards Board (GASB) has recently issued two standards that affect the accounting for right to use assets:

GASB 87 requires that multi-year leases, regardless of whether they are considered operating or capital leases under previous accounting standards, be capitalized. The Collaborative must now recognize right-to-use assets and corresponding lease liabilities for all qualifying leases.

GASB 96 requires that multi-year software licenses, or subscription-based information technology arrangements (SBITAs), be capitalized. The Collaborative now must recognize right-to-use assets and corresponding SBITA liabilities for all qualifying agreements.

The Collaborative has no right-to-use assets.

Other Capital Assets & Long-Term Debt

The Collaborative has no capital assets or long-term debt.

Economic Factors and Next Year's Budget

The primary factors driving the budget for the CharterChoice Collaborative are the number of school participants, operating grants, and long-term plans for expansion.

Requests for Information

This financial report is designed to provide a general overview of the CharterChoice Collaborative's finances for all those with an interest in the Collaborative's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Collaborative:

CharterChoice Collaborative
4155 E. Jewell Ave. #903
Denver, CO 80222

BASIC FINANCIAL STATEMENTS

CHARTERCHOICE COLLABORATIVE (SFA)

STATEMENT OF NET POSITION

As of June 30, 2023

| | <u>GOVERNMENTAL ACTIVITIES</u> |
|----------------------------|------------------------------------|
| ASSETS | |
| Cash and Investments | \$ 685,433 |
| Accounts Receivable | <u>1,073,017</u> |
| TOTAL ASSETS | <u>1,758,450</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | 1,010,384 |
| Accrued Expenses | 4,435 |
| Unearned Revenue | <u>65,649</u> |
| TOTAL LIABILITIES | <u>1,080,468</u> |
| NET POSITION | |
| Restricted for Emergencies | 9,200 |
| Unrestricted | <u>668,782</u> |
| TOTAL NET POSITION | <u>\$ 677,982</u> |

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

CHARTERCHOICE COLLABORATIVE (SFA)

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) |
|--------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | REVENUE AND CHANGES IN NET POSITION |
| PRIMARY GOVERNMENT | | | | | GOVERNMENTAL ACTIVITIES |
| Governmental Activities | | | | | |
| Supporting Services | \$ 5,561,454 | \$ 733,652 | \$ 4,894,333 | \$ - | \$ 66,531 |
| Total Governmental Activities | <u>\$ 5,561,454</u> | <u>\$ 733,652</u> | <u>\$ 4,894,333</u> | <u>\$ -</u> | 66,531 |
| | | | GENERAL REVENUES | | |
| | | | Other | | 51,034 |
| | | | TOTAL GENERAL REVENUES | | 51,034 |
| | | | CHANGE IN NET POSITION | | 117,565 |
| | | | NET POSITION, Beginning | | 560,417 |
| | | | NET POSITION, Ending | | <u>\$ 677,982</u> |

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

CHARTERCHOICE COLLABORATIVE (SFA)

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

| | GENERAL FUND | SCHOOL FOOD AUTHORITY | TOTAL GOVERNMENTAL FUNDS |
|--------------------------------------|-------------------|-----------------------------|--------------------------------|
| ASSETS | | | |
| Cash and Investments | \$ 619,784 | \$ 65,649 | \$ 685,433 |
| Accounts Receivable | 70,802 | 1,002,215 | 1,073,017 |
| TOTAL ASSETS | <u>\$ 690,586</u> | <u>\$ 1,067,864</u> | <u>\$ 1,758,450</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 8,169 | \$ 1,002,215 | \$ 1,010,384 |
| Accrued Expenses | 4,435 | - | 4,435 |
| Unearned Revenue | - | 65,649 | 65,649 |
| TOTAL LIABILITIES | <u>12,604</u> | <u>1,067,864</u> | <u>1,080,468</u> |
| FUND BALANCES | | | |
| Restricted for Emergencies | 9,200 | - | 9,200 |
| Unassigned | 668,782 | - | 668,782 |
| TOTAL FUND BALANCES | <u>677,982</u> | <u>-</u> | <u>677,982</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 690,586</u> | <u>\$ 1,067,864</u> | <u>\$ 1,758,450</u> |

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

CHARTERCHOICE COLLABORATIVE (SFA)

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

| | GENERAL FUND | SCHOOL FOOD AUTHORITY | TOTAL GOVERNMENTAL FUNDS |
|-----------------------------|-----------------|-----------------------------|--------------------------------|
| REVENUES | | | |
| Local Sources | \$ 305,788 | \$ 478,898 | \$ 784,686 |
| State Sources | 42,262 | 57,888 | 100,150 |
| Federal Sources | 9,919 | 4,784,264 | 4,794,183 |
| | <u>357,969</u> | <u>5,321,050</u> | <u>5,679,019</u> |
| TOTAL REVENUES | | | |
| EXPENDITURES | | | |
| Current | | | |
| Supporting Services | 240,404 | 5,321,050 | 5,561,454 |
| | <u>240,404</u> | <u>5,321,050</u> | <u>5,561,454</u> |
| TOTAL EXPENDITURES | | | |
| | 117,565 | - | 117,565 |
| NET CHANGE IN FUND BALANCES | | | |
| | 560,417 | - | 560,417 |
| FUND BALANCES, Beginning | | | |
| | \$ 677,982 | \$ - | \$ 677,982 |
| FUND BALANCES, Ending | | | |

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

CHARTERCHOICE COLLABORATIVE (SFA)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The CharterChoice Collaborative (the “Collaborative”) is a Colorado nonprofit corporation organized in July 2009. The Collaborative’s mission is to provide its members administrative functions relating to the provision of food service under the National School Lunch Program. The Collaborative assists its members to comply with the National School Lunch Act, 42 U.S.C. §1751, and to engage in all activities necessary, customary, convenient, or incidental to any of the foregoing.

The accounting policies of the Collaborative conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. Following is a summary of the more significant policies:

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the Collaborative and organizations for which the Collaborative is financially accountable. It is also financially accountable for legally separate organizations if the Collaborative’s officials appoint a voting majority for the organization’s governing body and either it is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the Collaborative. The Collaborative may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the Collaborative includes the following organization within its reporting entity:

School Food Authority

The Collaborative has entered into an agreement with the Colorado Department of Education (CDE) to act as a School Food Authority (SFA) for several charter schools. Federal funds were dispersed to the Authority based upon meals served at each school and counts submitted to CDE. The Collaborative is the reporting vehicle so that charter schools could participate in the Child Nutrition Programs. Participating charter schools maintain revenues and expenses at their sites, on behalf of the SFA. The activities of the SFA are reported as a special revenue fund in the Collaborative’s financial statements. Separate financial statements are not available.

CHARTERCHOICE COLLABORATIVE (SFA)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Collaborative. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of net position reports all financial, capital and debt resources of the Collaborative. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the Collaborative is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenue and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon

CHARTERCHOICE COLLABORATIVE (SFA)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

enough thereafter to pay liabilities of the current period. For this purpose, the Collaborative considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Collaborative.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the Collaborative's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the Collaborative reports the following major governmental funds:

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

The *School Food Authority (SFA)* accounts for the activities associated with the Collaborative's SFA.

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the Collaborative considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

CHARTERCHOICE COLLABORATIVE (SFA)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Compensated Absences – The Collaborative’s policy allows employees to earn and accumulated leave of absence during the year. Employees who resign or terminate employment are entitled to payment for their unused personal leave of absence days. At June 30, 2023, no material amounts of unused paid leave of absence time were accrued. Therefore, no liability is recorded in the Collaborative’s government-wide statement of net position.

Net Position– The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. For the year ended June 30, 2023, the Collaborative does not report any investments in capital assets.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While Collaborative management may have categorized and segmented portion for various purposes, the Collaborative Board has the unrestricted right to revisit or alter these managerial decisions.

CHARTERCHOICE COLLABORATIVE (SFA)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

Fund Balance Classification – 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 Collaborative 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 either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Collaborative does not report any nonspendable fund balances at June 30, 2023.
- 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. The Collaborative has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Collaborative did not have any committed resources as of June 30, 2023.
- Assigned – This classification includes spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted nor committed. The Collaborative did not have any assigned resources as of June 30, 2023.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

CHARTERCHOICE COLLABORATIVE (SFA)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

The Collaborative would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

Concentration of Risk

The Collaborative receives a substantial amount of its support from its participating charter school members and from the U.S. Department of Agriculture. Should a significant reduction in the level of support occur, this may have an effect on the Collaborative's programs and activities.

Risk Management

The Collaborative is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The Collaborative purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

Income Taxes

The Collaborative is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The Collaborative's tax filings are subject to audit by various taxing authorities. The Collaborative believes it has no significant uncertain tax provisions for the year ended June 30, 2023.

Subsequent Events

The Collaborative has evaluated events subsequent to the year ended June 30, 2023 through November 30, 2023, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

CHARTERCHOICE COLLABORATIVE (SFA)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

A budget is adopted for the General Fund and Food Service Authority (SFA) on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions to the budget must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year-end.

NOTE 3: CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2023 State regulatory commissioners have indicated that all financial institutions holding deposits for the Collaborative are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At June 30, 2023, the Collaborative had deposits with financial institutions with a carrying amount of \$685,433. The bank balances with the financial institutions were \$903,316, of which \$250,000 were covered by federal depository insurance and \$653,316 were covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

CHARTERCHOICE COLLABORATIVE (SFA)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 3: **CASH AND INVESTMENTS** (Continued)

Investments

Interest Rate Risk

The Collaborative does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The Collaborative does not have a formal investment policy to limit credit risk. However, the Collaborative follows state statutes regarding investments.

The Collaborative reports no investments as of June 30, 2023.

NOTE 4: **CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended June 30, 2023, the Collaborative implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). For the year ended June 30, 2023, the Collaborative has evaluated its existing agreements and has determined that no changes to the Collaborative's financial statements are deemed necessary.

CHARTERCHOICE COLLABORATIVE (SFA)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The Collaborative participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Collaborative may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited but the Collaborative believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Collaborative.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The Collaborative believes it has complied with the Amendment.

The Collaborative has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2023, the emergency reserve of \$9,200 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTERCHOICE COLLABORATIVE (SFA)

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2023

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2022 ACTUAL |
|--------------------------------|--------------------|-------------------|-------------------|------------------------------------|-------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Charges for Services | \$ 305,900 | \$ 305,900 | \$ 305,768 | \$ (132) | \$ 431,319 |
| Miscellaneous | 100 | 100 | 20 | (80) | 1,603 |
| State Sources | | | | | |
| Grants and Contributions | 42,200 | 42,200 | 42,262 | 62 | 22,702 |
| Federal Sources | | | | | |
| Grants and Contributions | 9,800 | 9,800 | 9,919 | 119 | - |
| TOTAL REVENUES | 358,000 | 358,000 | 357,969 | (31) | 455,624 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Salaries | 154,000 | 154,000 | 153,551 | 449 | 212,772 |
| Employee Benefits | 13,000 | 13,000 | 12,527 | 473 | 17,295 |
| Purchased Services | 71,550 | 71,550 | 68,392 | 3,158 | 50,891 |
| Supplies and Materials | 6,800 | 6,800 | 5,934 | 866 | 7,503 |
| Other | - | - | - | - | 22 |
| TOTAL EXPENDITURES | 245,350 | 245,350 | 240,404 | 4,946 | 288,483 |
| CHANGE IN FUND BALANCE | 112,650 | 112,650 | 117,565 | 4,915 | 167,141 |
| FUND BALANCE, Beginning | - | - | 560,417 | 560,417 | 393,276 |
| FUND BALANCE, Ending | \$ 112,650 | \$ 112,650 | \$ 677,982 | \$ 565,332 | \$ 560,417 |

See the accompanying independent auditor's report

CHARTERCHOICE COLLABORATIVE (SFA)

BUDGETARY COMPARISON SCHEDULE
 SCHOOL FOOD AUTHORITY
 Year Ended June 30, 2023

| | ORIGINAL AND FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2022 ACTUAL |
|-----------------------------------|---------------------------------|------------------|------------------------------------|------------------|
| REVENUES | | | | |
| Local Sources | | | | |
| Charges for Services | \$ 428,800 | \$ 427,884 | \$ (916) | \$ 10,524 |
| Miscellaneous | 51,000 | 51,014 | 14 | - |
| State Sources | | | | |
| Grants and Donations | 57,800 | 57,888 | 88 | 20,000 |
| Federal Sources | | | | |
| Grants and Donations | 4,784,300 | 4,784,264 | (36) | 7,570,186 |
| TOTAL REVENUES | 5,321,900 | 5,321,050 | (850) | 7,600,710 |
| EXPENDITURES | | | | |
| Current | | | | |
| Salaries | 650,000 | 646,921 | 3,079 | 949,594 |
| Employee Benefits | 50,000 | 47,153 | 2,847 | 131,690 |
| Purchased Services | 370,000 | 368,704 | 1,296 | - |
| Supplies and Materials | 3,921,900 | 3,926,651 | (4,751) | 5,816,613 |
| Property | 100,000 | 99,796 | 204 | - |
| Other | 230,000 | 231,825 | (1,825) | 702,813 |
| TOTAL EXPENDITURES | 5,321,900 | 5,321,050 | 850 | 7,600,710 |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE, Beginning | - | - | - | - |
| FUND BALANCE, Ending | \$ - | \$ - | \$ - | \$ - |

See the accompanying independent auditor's report.

AUDITOR'S INTEGRITY REPORT



Colorado Department of Education
Auditors Integrity Report
 District: 8042 - Charter Choice Collaborative
 Fiscal Year 2022-23
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

| Fund Type & Number | Beg Fund Balance & Prior Per Adj (6880*) | 1000 - 5999 Total Revenues & Other Sources | 0001-0999 Total Expenditures & Other Uses | 6700-6799 & Prior Per Adj (6880*) Ending Fund Balance |
|---|--|--|---|---|
| Governmental | + | - | = | |
| 10 General Fund | 560,417 | 357,969 | 240,404 | 677,982 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | 0 | 0 | 0 |
| 19 Colorado Preschool Program Fund | 0 | 0 | 0 | 0 |
| Sub- Total | 560,417 | 357,969 | 240,404 | 677,982 |
| 11 Charter School Fund | 0 | 0 | 0 | 0 |
| 20,26-29 Special Revenue Fund | 0 | 0 | 0 | 0 |
| 06 Supplemental Cap Const, Tech, Main, Fund | 0 | 0 | 0 | 0 |
| 07 Total Program Reserve Fund | 0 | 0 | 0 | 0 |
| 21 Food Service Spec Revenue Fund | 0 | 5,321,050 | 5,321,050 | 0 |
| 22 Govt Designated-Purpose Grants Fund | 0 | 0 | 0 | 0 |
| 23 Pupil Activity Special Revenue Fund | 0 | 0 | 0 | 0 |
| 25 Transportation Fund | 0 | 0 | 0 | 0 |
| 31 Bond Redemption Fund | 0 | 0 | 0 | 0 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | 0 | 0 | 0 |
| 41 Building Fund | 0 | 0 | 0 | 0 |
| 42 Special Building Fund | 0 | 0 | 0 | 0 |
| 43 Capital Reserve Capital Projects Fund | 0 | 0 | 0 | 0 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | 0 | 0 | 0 |
| Totals | 560,417 | 5,679,019 | 5,561,454 | 677,982 |
| Proprietary | | | | |
| 50 Other Enterprise Funds | 0 | 0 | 0 | 0 |
| 64 (63) Risk-Related Activity Fund | 0 | 0 | 0 | 0 |
| 60,65-69 Other Internal Service Funds | 0 | 0 | 0 | 0 |
| Totals | 0 | 0 | 0 | 0 |
| Fiduciary | | | | |
| 70 Other Trust and Agency Funds | 0 | 0 | 0 | 0 |
| 72 Private Purpose Trust Fund | 0 | 0 | 0 | 0 |
| 73 Agency Fund | 0 | 0 | 0 | 0 |
| 74 Pupil Activity Agency Fund | 0 | 0 | 0 | 0 |
| 79 GASB 34:Permanent Fund | 0 | 0 | 0 | 0 |
| 85 Foundations | 0 | 0 | 0 | 0 |
| Totals | 0 | 0 | 0 | 0 |

FINAL

COMPLIANCE



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
Charter Choice Collaborative (SFA)
Denver, Colorado

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 each major fund of the Charter Choice Collaborative (SFA) (the “Collaborative”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Collaborative’s basic financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Collaborative’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 Collaborative’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Collaborative’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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Collaborative'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PB Solutions LLC

Littleton, Colorado

November 30, 2023



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

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

Board of Directors
Charter Choice Collaborative (SFA)
Littleton, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Charter Choice Collaborative (SFA) (the “Collaborative”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Collaborative’s major federal programs for the year ended June 30, 2023. The Collaborative’s major 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 Collaborative 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, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Collaborative and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Collaborative’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 Collaborative’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Collaborative'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Collaborative's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Collaborative'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 Collaborative'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 Collaborative'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 type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

PB Solutions LLC

Littleton, Colorado
November 30, 2023

CHARTER CHOICE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| <i>Award Information</i> | <i>AI/Other #</i> | <i>Pass-Through Entity Name</i> | <i>Pass-Through Entity #</i> | <i>Federal Expenditures (\$)</i> |
|--|-------------------|--|------------------------------|----------------------------------|
| Child Nutrition Cluster-Cluster | | | | |
| United States Department of Agriculture School Breakfast Program | | | | |
| School Breakfast Program | 10.553 | Colorado Department of Education | 4553 | 989,800 |
| Total School Breakfast Program | | | | 989,800 |
| National School Lunch Program | | | | |
| National School Lunch Program | 10.555 | Colorado Department of Education | 4555 | 3,159,140 |
| National School Lunch Program | 10.555 | Colorado Department of Human Services | None | 146,093 |
| National School Lunch Program | 10.555 | Colorado Department of Education | 6555 | 368,704 |
| Total National School Lunch Program | | | | 3,673,937 |
| Summer Food Service Program for Children | | | | |
| Summer Food Service Program for Children | 10.559 | Colorado Department of Education | 4559 | 16,713 |
| Total Summer Food Service Program for Children | | | | 16,713 |
| Fresh Fruit and Vegetable Program | | | | |
| Fresh Fruit and Vegetable Program | 10.582 | Colorado Department of Education | 4582 | 45,548 |
| Total Fresh Fruit and Vegetable Program | | | | 45,548 |
| Total United States Department of Agriculture | | | | 4,725,998 |
| Total Child Nutrition Cluster-Cluster | | | | 4,725,998 |
| Other Programs (Treated individually for major program determination) | | | | |
| United States Department of Agriculture Child and Adult Care Food Program | | | | |
| Child and Adult Care Food Program | 10.558 | Colorado Department of Public Health | 4558 | 62,235 |
| Total Child and Adult Care Food Program | | | | 62,235 |
| Pandemic EBT Administrative Costs | | | | |
| Pandemic EBT Administrative Costs | 10.649 | Colorado Department of Education | 4649 | 5,950 |
| Total Pandemic EBT Administrative Costs | | | | 5,950 |
| Total United States Department of Agriculture | | | | 68,185 |
| Total Other Programs (Treated individually for major program determination) | | | | 68,185 |
| Total Expenditures of Federal Awards | | | | \$ 4,794,183 |

The accompanying notes are an integral part of this schedule

CHARTERCHOICE COLLABORATIVE (SFA)
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Collaborative. The Schedule includes federally funded amounts of pass-through awards received by the Collaborative through the State of Colorado. The information this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule represents only a selected portion of the operations of the Collaborative, it is not intended to and does not present the financial position, changes in position or cash flows of the Collaborative.
2. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met. Such expenditures are recognized following, as applicable, either the cost principal contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursements. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of, the basic financial statements or reports to federal agencies and pass through grantors. The Collaborative has elected not to use the de minimis 10 percent indirect cost rate allowed under the Uniform Guidance.
3. During the year ended June 30, 2023, the Collaborative did not pass through any federal funds to subrecipients.
4. For federal awards expended by the Collaborative as a subrecipient, the Schedule includes identification of the pass-through grantor and the identifying number assigned to the grant by the pass-through grantor.
5. Commodities donated to the Organization by the U.S. Department of Agriculture (USDA) are valued based on the USDA's Donated Commodity Price List. The commodities are recognized as revenue when received. The commodities are reported under the National School Lunch Program (CFDA 10.555) on the Schedule. The Organization recognized noncash awards of \$146,093 for the year ended June 30, 2023.

CHARTERCHOICE COLLABORATIVE (SFA)
Schedule Findings and Questioned Costs

For the year ended June 30, 2023

Section II – Financial Statement Findings

No findings noted.

Section III – Federal Award Findings

No findings noted.