

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**COLLEGIATE HALL CHARTER SCHOOL DISTRICT NO. E-019
TULSA COUNTY, OKLAHOMA**

JUNE 30, 2021

Audited by

**BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

BROKEN ARROW, OK

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2021

BOARD OF DIRECTORS

Mike Burton	Michael DuPont
Sarah Jane Gillett	Amber Masters
Frauke Peterson	Annabel Jones
Delia Kimbrel	David Poarch
CB Rowan	Cameron Seger
Kandi Wilson	

HEAD OF SCHOOL

Olivia Martin

DISTRICT TREASURER

Jack Jenkins, CPA

**MINUTES CLERK/
ENCUMBRANCE CLERK**

Amy Glowicki

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Collegiate Hall Charter School District Number E-019
Tulsa, Tulsa County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Collegiate Hall Charter School District Number E-019, Tulsa, Tulsa County, Oklahoma (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1, the financial statements are prepared by the School, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the School, as of June 30, 2021, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Substantial Doubt about the District’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As described in the findings in the accompanying schedule of audit results, findings and questioned costs, the District has had a deficit fund balance for the past two fiscal years and has not been able to pay its obligations in a timely manner, nor in the correct fiscal year. Upon reviewing the 2021-22 fiscal year financial information, the District has expenditures in excess of their revenues. Additionally, the line of credit that the District currently has outstanding is due May 2022.

These conditions raise substantial doubt about the District’s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School’s basic financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Awards, and is not a required part of the basic financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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 March 16, 2022 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 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 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.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP
March 16, 2022



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education
Collegiate Hall Charter School District Number E-019
Tulsa, Tulsa County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Collegiate Hall Charter School District Number E-019, Tulsa, Tulsa County, Oklahoma (School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated March 16, 2022, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statement on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

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) to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of District'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 and therefore, material weaknesses may exist that have not been identified. Given these limitations, during our audit we did identify certain deficiencies in internal control, described in the accompanying schedule of audit results, findings that we consider to be material weaknesses, as items 2021-1, 2021-2 and 2021-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results, findings and questioned costs as items 2021-1, 2021-2 and 2021-3. We also noted certain immaterial instances of non-compliance which are described in the accompanying management letter.

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.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

March 16, 2022



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

The Honorable Board of Education
Collegiate Hall Charter School District Number E-019
Tulsa, Tulsa County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Collegiate Hall Charter School District Number E-019, Tulsa, Tulsa County, Oklahoma (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, 2021. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

Management of the School, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

Our consideration of internal control over compliance was the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

March 16, 2022

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2021

FINDING 2020-1 – FINANCIAL RECORDS

Condition: There were several items requested for the 2019-20 audit that we were unable to examine. Since certain accounting records could not be located, we are unable to express an opinion on the District's compliance or noncompliance in these areas. The records that could not be located or were only partially available were:

- Employment contracts and extra duty contracts for most School employees
- Supporting documentation for some purchase orders
- Original board minutes, agendas, and attachments for all board meetings

Current Status: Employment contracts and board minutes, etc. were corrected in the current fiscal year, and supporting documentation for purchase orders continued in the current fiscal year.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Section 1 – Summary of Auditor’s Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. The audit reported three (3) significant deficiencies in the internal controls over financial reporting, which were considered to be material weaknesses.
3. The audit disclosed three (3) instances of noncompliance which are material to the financial statements.
4. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. An unmodified report was issued on the compliance for major programs in conformity with the regulatory basis of accounting.
6. The audit disclosed no audit findings which are required to be reported under the Uniform Guidance, 2 CFR 200.516(a).
7. Program determined to be major is the Charter School Grant Program (84.282), which was not clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The School was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

FINDING 2021-1 – DEFICIT FUND BALANCE

Condition: We observed during the audit that the general fund had a June 30, 2021, fund balance of \$(115,092). The District also had a deficit fund balance as of June 30, 2020, however, there was improvement in the current fiscal year.

Criteria: The District should follow the State Department of Education regulations, which states that at no time should any fund operate in a negative cash position.

Cause/Effect: Proper review procedures were not in place to adequately monitor the financial activities of the District. This results in the decisions over financial related matters to not be done in a timely manner, therefore increasing the possibility of the District incurring a deficit fund balance throughout the year, and not be detected in a timely manner.

Recommendation: We recommend that proper planning, budgeting and monitoring of revenues and expenditures be performed throughout the fiscal year to ensure that a negative fund balance is avoided at all times.

Response:

FINDING 2021-2 PURCHASE ORDERS

Condition: During the review of the General fund expenditures, we made the following observations:

- Purchase orders were not always encumbered against available appropriations prior to the obligations being incurred.
- Invoices / packing slips were not being signed as received.
- Obligations were not paid in a timely manner, therefore incurring late charges.
- Payments included the obligations from the prior fiscal year.
- Checks issued for payment did not always test foot to the supporting documentation attached to the purchase order.
- There were a few purchase orders where we were unable to locate any supporting documentation.

Criteria: District should follow Oklahoma Statutes for the initiating, recording and paying of contractual obligations, which include the appropriate approvals, signatures, supporting documentation, encumbering in a timely manner, issuance of payment and proper coding. Reference: O.S. Title 70 § 5-135.

Cause / Effect: Proper, consistent, procedures were not in place over the accounts payable function for the General fund expenditures. This increases the risk that a misappropriation of assets may occur, whether due to error or fraud, and not be detected in a timely manner.

Recommendation: We recommend that the District enforce its policies and procedures which require that all purchase orders be signed by both the encumbering and purchasing officers, purchase orders be encumbered prior to the obligation being incurred, invoices or delivery tickets be signed as received, all purchase orders have either original invoices

or non-commercial vendor invoices attached as proof of indebtedness and proper coding be utilized, as required by Oklahoma Statutes.

Response:

FINDING 2021-3 UNRECORDED LIABILITIES

Condition: We observed during the audit that there were purchase orders which were issued against fiscal year 2021-2022 appropriations which were in payment of indebtedness actually incurred in the 2020-2021 fiscal year, in the approximate amount of \$243,491.

Criteria: District should follow Oklahoma Statutes which require all indebtedness incurred during a fiscal year be paid from the collections from the same fiscal year, i.e. a current expense fund. Reference : 70 O.S. § 1-117).

Cause/Effect: Proper, consistent, procedures were not in place over the accounts payable function to ensure that all indebtedness is encumbered and paid in the proper fiscal period. This particular issue was worsened due to the fact that most of the fiscal year school was being held virtually, therefore an individual was not in the office everyday, and some vendors also were dealing with staff shortages. This increases the probability of expenditures being paid from the wrong fiscal year collections, which will affect the Districts fund balance at the end of the year

Recommendation: We recommend that all expenditures be encumbered in the fiscal year in which they were incurred, and be paid from the corresponding revenues.

Response:

Section 3 – Findings and Questioned Costs for Federal Awards:

NONE

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

COLLEGIATE HALL CHARTER SCHOOL NO. E-19, TULSA COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2021

	GOVERNMENTAL FUND TYPES	FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	GENERAL FUND	EXPENDABLE TRUST FUNDS	
<u>ASSETS</u>			
Cash & Investments	\$ 1,030,150	72,720	1,102,870
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Checks payable	\$ 79,305		79,305
Encumbrances - Note 4	1,065,937		1,065,937
Total liabilities	1,145,242	0	1,145,242
Fund Balance:			
Restricted		72,720	72,720
Unassigned	(115,092)		(115,092)
Cash fund balances	(115,092)	72,720	(42,372)
Total Liabilities and Fund Balance	\$ 1,030,150	72,720	1,102,870

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

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>GOVERNMENTAL FUND TYPES</u>	<u>FIDUCIARY FUND TYPES</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
	<u>GENERAL FUND</u>	<u>EXPENDABLE TRUST FUNDS</u>	
Revenues Collected:			
Local sources	\$ 709,102	242	709,344
State sources	1,516,035		1,516,035
Federal sources	1,027,622		1,027,622
Interest earnings	375		375
Non-revenue receipts	342,038		342,038
Total revenues collected	<u>3,595,172</u>	<u>242</u>	<u>3,595,414</u>
Expenditures:			
Instruction	1,588,395		1,588,395
Support services	1,720,317		1,720,317
Operation of non-instructional services	1,357		1,357
Other outlays:			
Correcting entry	342,038		342,038
Total expenditures	<u>3,652,107</u>	<u>0</u>	<u>3,652,107</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(56,935)	242	(56,693)
Other financing sources (uses):			
Adjustments to prior year encumbrances	<u>96,928</u>	<u>1,400</u>	<u>98,328</u>
Excess of revenues collected over (under) expenditures	39,993	1,642	41,635
Cash fund balances, beginning of year	<u>(155,085)</u>	<u>71,078</u>	<u>(84,007)</u>
Cash fund balances, end of year	<u>\$ (115,092)</u>	<u>72,720</u>	<u>(42,372)</u>

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

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2021

GENERAL FUND

	Original Budget	Final Budget	Actual	Prior Year (Memorandum Only)
Revenues Collected:				
Local sources	\$ 415,000	723,408	709,102	423,049
State sources	1,334,337	1,519,759	1,516,035	1,310,630
Federal sources	290,497	1,437,177	1,027,622	312,494
Interest earnings			375	3,658
Non-revenue receipts		341,818	342,038	301,200
Total revenues collected	<u>2,039,834</u>	<u>4,022,162</u>	<u>3,595,172</u>	<u>2,351,031</u>
Expenditures:				
Instruction	1,780,721	1,780,721	1,588,395	1,131,593
Support services		1,809,681	1,720,317	1,296,573
Operation of non-instructional services			1,357	156,703
Other outlays:				
Reimbursement	800			
Correcting entry	72,463	342,838	342,038	301,200
Other uses/ Unbudgeted	30,765	30,765		
Total expenditures	<u>1,884,749</u>	<u>3,964,005</u>	<u>3,652,107</u>	<u>2,886,069</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	155,085	58,157	(56,935)	(535,038)
Other financing sources (uses):				
Adjustments to prior year encumbrances	0	96,928	96,928	63,437
Excess of revenues collected over (under) expenditures	155,085	155,085	39,993	(471,601)
Cash fund balance, beginning of year	<u>(155,085)</u>	<u>(155,085)</u>	<u>(155,085)</u>	<u>316,516</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>(115,092)</u>	<u>(155,085)</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Collegiate Hall Charter School No. E-019 (the “School”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The School’s accounting policies are described in the following notes that are an integral part of the School’s financial statements.

A. Reporting Entity

Collegiate Hall, Inc., an Oklahoma not-for profit corporation described in Internal Revenue Code Section 501(c)(3), was formed for the benefit of a school to be called Collegiate Hall Charter School. The School was formed under provisions of the Oklahoma Charter Schools Act through a contract with Independent School District No. 1 of Tulsa County, Oklahoma (Tulsa Public Schools), as its sponsoring school, a political subdivision of the state. Approval was granted by the Oklahoma State Department of Education and School operations began in July 2015. The School is also a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The School is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the School is the Board of Education composed of at least seven appointed members and no more than fifteen appointed members. The appointed Head of School is the executive officer of the School.

In evaluating how to define the School, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

A. Reporting Entity – cont’d

units is the scope of public service. Application of this criterion involves considering whether the activity benefits the School and/or its citizens, or whether the activity is conducted within the geographic boundaries of the School and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the School is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the School’s reporting entity.

B. Measurement Focus

The School uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental Fund Types

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the School except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus - cont’d

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds for the School typically include the child nutrition funds.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students. The School operates their child nutrition program within the general fund.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the School. The terms “non-expendable” and “expendable” refer to whether or not the School is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the School holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the School.

Agency Fund – The agency fund is the school activities fund which is used to account for monies collected principally through the fundraising efforts of students and school-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds. The School did not maintain an agency fund during the 2020-21 fiscal year.

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont'd

B. Measurement Focus - cont'd

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

The School prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis for State and Local Governments* with certain modifications. This format differs significantly from that required by GASB 34.

The financial statements are essentially prepared on the basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as inventory assets.
- Checks payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the basic financial statements.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. Fixed assets are not depreciated.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont’d

C. Basis of Accounting and Presentation – cont’d

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The Board of Education must request an initial temporary appropriations budget from their county excise board before June 30. The District uses the temporary appropriation amounts as their legal expenditure limit until the annual estimate of needs is completed.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the state department of education.

The 2020-21 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
General	\$ 2,079,255

These amendments were approved by the county excise board.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the School. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

E. Assets, Liabilities and Fund Equity

Cash and cash equivalents – The School considers all cash on hand, demand deposit accounts, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments – The School considers investments of direct obligations of the United States government and agencies, certificates of deposits, savings accounts or savings certificates with maturities of greater than three months. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2021, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The School does not own and has not purchased any fixed assets that would be considered material to the financial statements. The school entered into a lease agreement with Tulsa Public Schools for the use of the building in which they operate. The School also contracts with Tulsa Public Schools for transportation equipment (buses).

Checks Payable – Checks are issued to meet the obligations for goods and services provided to the School. The School recognizes a liability for the amount of outstanding checks that have yet to be redeemed by the School’s treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the School for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Compensated Absences – The School provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. School policy allows certified employees to accumulate such days to a maximum number of days. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources had not been reported as an expenditure of the governmental fund that will pay it since the financial statements have been prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the School, control over which is exercised by the Board of Education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Fund Balance – In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amount in the spendable fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purposes in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the School and available to the School for its use. Other local sources of revenues include tuition, fees, rentals, disposals, commissions, reimbursements and donations.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the School and the state, and distributed to Schools in amounts that differ in proportion to those which are collected within such systems.

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the Schools.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

The School receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state. Entitlement is the amount of payment to which the School is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the School are apportioned to the general fund.

Non-Monetary Transactions – The School receives commodities from the U.S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards; however, they have not been included in the financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the School, but the return of assets.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instructions.

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the School or a third-party administrator.

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund transfers made during the 2020-21 fiscal year.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the School’s deposits may not be returned to the School. The School’s cash deposits and investments at June 30, 2021, were \$1,102,870 at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the School or by its agent in the School’s name.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Investment Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The School does not have a formal policy limiting its investment choices, other than the limitation of state law as follows:

- Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- County, municipal or school School tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

Concentration of Investment Credit Risk – The School places no limit on the amount it may invest in any one issuer.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2021.

4. GENERAL DEBT / LOANS

PPP Loans

On January 29, 2020 the School executed a promissory note for \$301,200 and on February 16, 2021 the School executed a second promissory note for \$341,818, both under the Paycheck Protection Program (PPP) authorized by the Coronavirus Aid Relief, and Economic Security Act (CARES Act). The loan bears an interest rate of 1.00%. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if certain employment levels are maintained during a specified period of time. If the Small Business Administration (SBA) confirms full forgiveness of the unpaid balance of the note, the School's obligation under the arrangement will be deemed fully satisfied.

The School remains obligated to repay the lender any amount not forgiven, which will mature on the 2nd anniversary of the note. Principal and interest payments are deferred until the lender receives a forgiveness determination from the SBA. If the School does not apply for forgiveness within 10 months after the last day of the covered period, as applicable, it would be required to make payments on the PPP loan beginning 10 months after the last day of such covered period. At such time, the bank will establish the amount of monthly payments due based on the remaining time until maturity.

During the 2020-21 fiscal year, the initial PPP loan, of \$301,200, was forgiven by the SBA. The \$301,200 of loan proceeds are shown in the 2020-21 fiscal year financial statements as a local source of revenue.

As of June 30, 2021, the proceeds from the second PPP loan, of \$341,818, are recorded in the OCAS data under revenue code 5600 Correcting Entry. A corresponding entry was recorded in the OCAS data under expenditure code 5600 Correcting Entry, and reflected in the reserved encumbrances on the Statement of Assets, Liabilities and Fund Balance. The School is not reporting the loan as general long-term debt, since both the School and the lender expect the loan to be full forgiven by the SBA. If it is determined that the loan will not be forgiven, the School will report the loan as general-long term debt at that time. As of final audit work the second PPP loan, of \$341,818, had been forgiven.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

4. GENERAL DEBT / LOANS – cont'd

Line of Credit / Promissory Note

The District entered into, as of December 7, 2020, a Program-Related Investment Loan Agreement (the “Agreement”) between the Charles and Lynn Schusterman Family Foundation (the “Lender”), an Oklahoma nonprofit corporation located at 110 West 7th Street, Suite 2000, Tulsa, OK 74119, and Collegiate Hall, Inc (the “Borrower”), an Oklahoma nonprofit corporation located at 110 East 45th Places, Tulsa, OK, 74105. The lender is willing to lend the Borrower a principal amount of up to \$850,000. The District executed a promissory note in the amount of \$650,000 during the 2020-2021 school year. Initially the note was due on November 15, 2021, however the agreement was amended and the current maturity date is May 15, 2022. Since this is a loan agreement, for the purposes of cash flow management, the proceeds were not included in any revenue reports nor in any expenditure reports per OCAS, however, since the note was not paid back by the end of June 30, 2021, it is reported as a liability (encumbrance) on the Statement of Assets, Liabilities and Fund Balance report.

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN

The School has chosen not to participate in the Oklahoma Teachers Retirement System.

The School offered a 401K plan to its employees. Under the plan, the employer will match contributions dollar for dollar, not to exceed 3% of compensation. The percentage the employer will match is at the discretion of the School, dependent on year-end funding.

6. COMMITMENTS

Charter Contract – The School operates under a charter granted by Tulsa Public Schools (TPS). As the sponsoring organization, TPS exercises certain oversight responsibilities. Under this charter, the School has agreed to pay TPS an annual administrative fee equal to 5% of state aid revenue. The current charter contract is effective until June 30, 2022.

Building Lease – The School leases their buildings at 1100 East 45th Place, Tulsa, Oklahoma 74105 (Wright Building) from TPS. The lease agreement is renewable annually and also includes terms and conditions for utilities, maintenance, and ground keeping. The School made lease payments totaling \$63,741 to TPS during the 2020-21 fiscal year.

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

7. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The School purchases commercial insurance to cover these risks, including general and auto liability, property damage, public officials liability, and workers compensation coverage. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

8. CONTINGENCIES

Federal Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be immaterial.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the School during the 2020-21 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the School.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor / Pass Through Grantor / Program Title	Federal Assistance Listing Number	Project Number	Program or Award Amount	Balance at 7/1/20	Revenue Collected	Total Expenditures	Balance at 6/30/21
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Title I	84.010	511	\$ 152,463		134,913	147,378	12,465
Title I, 2019-20	84.010	799		7,483	7,483		
IDEA-B Flowthrough	84.027	621	44,169		44,169	44,169	
IDEA-B Flowthrough 2019-20	84.027	799		1,776	1,776		
IDEA-B Covid Assistance	84.027	617	2,500		0	0	
COVID-19 - Education Stabilization Fund (ESF)							
ESSERF / CARES Act	84.425D	788	75,610		69,309	75,610	6,301
ESSER II	84.425D	793	297,161		232,881	254,009	21,128
Total COVID-19 - ESF			<u>372,771</u>	<u>0</u>	<u>302,190</u>	<u>329,619</u>	<u>27,429</u>
Sub Total			<u>571,903</u>	<u>9,259</u>	<u>490,531</u>	<u>521,166</u>	<u>39,894</u>
<u>Other Federal Assistance:</u>							
*Charter School Grant	84.282	771	900,000	0	537,091	576,375	39,284
Total Federal Assistance			<u>\$ 1,471,903</u>	<u>9,259</u>	<u>1,027,622</u>	<u>1,097,541</u>	<u>79,178</u>

Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2021. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. 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 District has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

* Major programs

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2021

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Western Surety Company	Superintendent	65528009	\$ 100,000	7/1/21 - 7/1/22
	Treasurer	65528009	100,000	7/1/21 - 7/1/22
	Payroll	65528009	100,000	7/1/21 - 7/1/22
	Encumbrance Clerk	65528009	1,000	7/1/21 - 7/1/22
	Minutes Clerk	65528009	1,000	7/1/21 - 7/1/22
CNA Surety	Encumbrance Clerk	64989566	3,000	2/24/20 - 2/24/21
	Minutes Clerk	64989566	3,000	2/24/20 - 2/24/21

COLLEGIATE HALL CHARTER SCHOOL NO. E-019, TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2020 TO JUNE 30, 2021

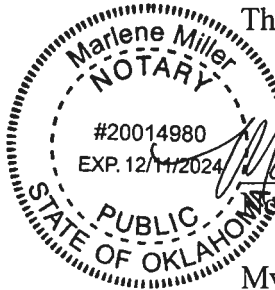
State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Collegiate Hall Charter School for the audit year 2020-21.

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP
Auditing Firm

By Jeffrey D. Harts
Authorized Agent

Subscribed and sworn to before me
This 16th day of March, 2022



Marlene Miller
Notary Public (or Clerk or Judge)

My Commission Expires: 12/11/2024
Commission No. 20014980



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

March 16, 2022

Ms. Olivia Martin, Supt.
Collegiate Hall Charter School
1142 E. 56th Street
Tulsa, Oklahoma 74015

Dear Ms. Martin:

Listed below are some additional findings and recommendations from the final audit work we performed for you. These items are not included, or referred to, in your audit report, but are instances that we feel require corrective action. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

Appropriations

We observed during the audit that the applicable forms for adding supplemental appropriations were not signed as approved by the Board or the County Clerk. We recommend that the District implement procedures to ensure that supplemental appropriation forms be completed and executed in a timely manner and that the appropriations ledger be reconciled periodically with expenditure reports to ensure that expenditures do not exceed approved appropriations at any time, during the year as required by Oklahoma Statutes. (Reference: 62 O.S. § 310.02)

Surety Bonds

It appears that surety bond coverage was not obtained for the Superintendent and treasurer, during the 2020-21 fiscal year, as required by Oklahoma Statutes. The coverage for the encumbrance clerk and minutes clerk ended on February 24, 2021. As of final audit work, we were able to determine that all the required positions had adequate coverage for the 2021-22 FY. We recommend that surety bond coverage be obtained for all custodial positions, each year, with each position stating the name of the person that is covered and the amount of coverage.

Board Minutes

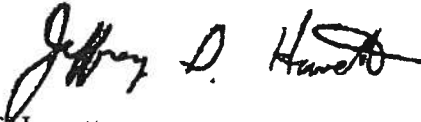
- During our final audit work, we observed that detailed Treasurer's reports are not being included in the board packet and are not being approved by the Board at each regular board meeting. We recommend that this item be included and approved in the consent agenda each month. The Treasurer's Report should also include supporting documentation (i.e., bank statements, outstanding check lists, fund balances).
- We also observed during our review of the board minutes and agendas that, although there was approval of claims and contracts pending, there were no purchase order numbers given. We recommend that the numbers of the purchase orders being approved at the monthly meeting be listed in the minutes, e.g., general fund purchase order numbers 26-87, as well as the total dollar amount approved.
- We observed that the 2021 calendar of meeting dates was not approved by the board of education. Oklahoma Statutes require that each governing board provide written notice to the county clerk of all upcoming meetings for each calendar year by December 15th of the previous year.

Employment Contracts

We observed during our audit that employment contracts were not all signed or stamped by the board of education. We recommend that the board sign/stamp all employment contracts that are approved, or, at a minimum, the board president sign/stamp as the representative of the board on all approved employment contracts.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,



Jeff Hewett

For

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP