

URBAN CHARTER SCHOOLS COLLECTIVE

Communications With Those Charged With Governance

Submitted by

Gilbert CPAs

We have audited the financial statements of the Urban Charter Schools Collective (UCSC). Professional standards require that we provide you with information related to our audit. We are providing UCSC's Board of Directors with information regarding the scope and results of the audit to assist the Board of Directors in overseeing management's financial reporting and disclosure process. This information is intended solely for the use of the Board of Directors, and management of UCSC and is not intended to be, and should not be, used by anyone other than these specified parties. The following pages summarize these required communications.

December 15, 2023

MANAGEMENT AND AUDITOR RESPONSIBILITIES

Auditors' Responsibilities under Generally Accepted Auditing Standards (GAAS), *Government Auditing Standards*, issued by the Comptroller General of the United States and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the Education Audit Appeals Panel.

The financial statements are the responsibility of management. As stated in our engagement contract, our responsibility is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the UCSC. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether UCSC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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.

We issued an unmodified opinion on the financial statements for the year ended June 30, 2023.

We issued an unmodified opinion on State Compliance for the year ended June 30, 2023.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

<p>Significant Accounting Policies</p> <p>Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement contract, we advised management about the appropriateness of accounting policies and their application.</p>	<p>The significant accounting policies used by UCSC are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023.</p> <p>We noted no transactions entered into by UCSC during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.</p>
<p>Management Judgments and Accounting Estimates</p> <p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.</p> <p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.</p>	<p>The most sensitive estimates and disclosures affecting UCSC's financial statements were:</p> <ul style="list-style-type: none">• Management's assessment of the collectability of accounts receivable is based on the likelihood of payment.• Management's basis for allocating between program and supporting service expenses is based on estimates of employees' time incurred and on usage of resources.• Management's estimate of the useful lives of property and equipment is based on historical experience and industry standards. <p>We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. In addition, the related financial statement disclosures are neutral, consistent, and clear.</p>

INTERACTIONS WITH MANAGEMENT

Planned Scope and Timing of the Audit	We performed the audit according to the planned scope previously communicated in our engagement contract. The completion of our audit was delayed as a result of additional time needed by Management to complete the closing process and provide the requested support.
Management Consultations with Other Independent Accountants In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to UCSC’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.	To our knowledge, there were no such consultations with other accountants.
Disagreements with Management For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report.	We are pleased to report that no such disagreements arose during the course of our audit.
Management Representations	We requested certain representations from management in a letter to us.
Difficulties Encountered in Performing the Audit	We encountered no significant difficulties in dealing with management in performing and completing our audit. However, as mentioned above, the issuance of the report was delayed as Management needed additional time to complete the closing process and provide the requested audit support.

OTHER MATTERS

<p>Other Audit Findings or Issues</p>	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as UCSC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p> <p>A finding related to the financial close process is discussed in detail in the Findings and Questioned Costs section of the audited financial statements.</p>
<p>Significant Risks Identified by the Auditor</p> <p>In order to design appropriate audit procedures in accordance with GAAS, the engagement team is required to perform a risk assessment during its audit planning process.</p>	<p>The following significant risks of material misstatement presumed by the auditing standards were incorporated into our audit plan:</p> <ul style="list-style-type: none">• Improper revenue recognition due to fraud.• Management override of controls.
<p>Corrected and Uncorrected Misstatements</p> <p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.</p>	<p>The following adjustment was identified during the audit process and was corrected by Management: Decrease accounts receivable and revenue by \$86,671 related to revenue recognition for state aid funding.</p> <p>The following misstatement detected as a result of audit procedures was not corrected by management: Decrease special education state revenue and increase beginning net assets as of July 1, 2022 by \$47,843. Management, with our concurrence, has determined that the effect is immaterial to the financial statements taken as a whole.</p>

SUPPLEMENTARY INFORMATION

Supplementary Information

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

The supplementary information section, as listed in the table of contents of the financial statements of UCSC for the year ended June 30, 2023, is presented for purposes of additional analysis and is required by the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and in our opinion is fairly stated in all material respects in relation to the financial statements as a whole.