

**INTERDISTRICT SCHOOL FOR
ARTS AND COMMUNICATION, INC.**

**FINANCIAL STATEMENTS AND
GOVERNMENT REPORTS**

JUNE 30, 2023



INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.

FINANCIAL STATEMENTS AND GOVERNMENT REPORTS

JUNE 30, 2023

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Board of Directors
Interdistrict School for Arts and Communication, Inc.
190 Governor Winthrop Boulevard
New London, Connecticut



INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Interdistrict School for Arts and Communication, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Interdistrict School for Arts and Communication, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Interdistrict School for Arts and Communication, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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:

Stacey L. Gualtieri, CPA
Audrey A. Leone, CPA

- 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 Interdistrict School for Arts and Communication, Inc.'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 Interdistrict School for Arts and Communication, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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*, is presented for purposes of additional analysis and is not a required part of the 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 schedule of expenditures of federal awards is 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 20, 2023, on our consideration of Interdistrict School for Arts and Communication, Inc.'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 Interdistrict School for Arts and Communication, Inc.'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 Interdistrict School for Arts and Communication, Inc.'s internal control over financial reporting and compliance.

The financial statements of Interdistrict School for Arts and Communication, Inc., as of June 30, 2022, were audited by other auditors whose report dated October 17, 2022, expressed an unmodified opinion on those financial statements.



DOHERTY, BEALS & BANKS, P.C.
New London, Connecticut

November 20, 2023

Interdistrict School for Arts and Communication, Inc.

Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)

Assets

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,652,297	\$ 1,302,985
Accounts receivable	362,656	471,388
Grants receivable	-	-
Prepaid expenses	9,890	24,326
Property and equipment, net	<u>7,617,066</u>	<u>5,325,762</u>
Total assets	<u>\$ 9,641,909</u>	<u>\$ 7,124,461</u>

Liabilities and Net Assets

Accounts payable	\$ 392,898	\$ 63,902
Accrued liabilities and deposits	245,631	268,824
Refundable advances	561,978	651,006
Loans payable	<u>1,595,763</u>	<u>486,666</u>
Total liabilities	<u>2,796,270</u>	<u>1,470,398</u>
Commitments		
Net assets		
Net assets without donor restrictions	6,845,639	5,654,063
Net assets with donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>6,845,639</u>	<u>5,654,063</u>
Total liabilities and net assets	<u>\$ 9,641,909</u>	<u>\$ 7,124,461</u>

See Notes to Financial Statements.

Interdistrict School for Arts and Communication, Inc.

**Statement of Activities and Changes in Net Assets
Year Ended June 30, 2023
(With Comparative Totals For 2022)**

	2023			2022
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Total
Public support and revenues				
Federal and state grants - education	\$ 5,466,056	\$ -	\$ 5,466,056	\$ 4,313,964
Special education	746,468	-	746,468	863,414
Contributions	3,075	-	3,075	6,279
Student activities	14,092	-	14,092	8,157
Interest and dividends	26	-	26	1,368
Miscellaneous	10,986	-	10,986	469
Net assets released from restrictions				
Restrictions satisfied by purpose	-	-	-	-
Total public support and revenues	6,240,703	-	6,240,703	5,193,651
Expenses				
Program expenses	4,441,739	-	4,441,739	4,424,483
General and administrative expenses	607,388	-	607,388	590,155
Fundraising	-	-	-	-
Total expenses	5,049,127	-	5,049,127	5,014,638
Changes in net assets	1,191,576	-	1,191,576	179,013
Net assets, beginning	5,654,063	-	5,654,063	5,475,050
Net assets, end	6,845,639	\$ -	\$ 6,845,639	\$ 5,654,063

See Notes to Financial Statements.

Interdistrict School for Arts and Communication, Inc.

**Statement of Functional Expenses
Year ended June 30, 2023
(With Comparative Totals For 2022)**

	<u>Education</u>	<u>General and administrative</u>	<u>2023 Total</u>	<u>2022 Total</u>
Salaries	\$ 2,945,983	\$ 399,752	\$ 3,345,735	\$ 3,245,410
Fringe benefits and payroll taxes	450,597	61,608	512,205	461,113
Other purchased services	81,881	88,389	170,270	266,435
Occupancy	250,896	16,015	266,911	186,477
Insurance	41,332	2,592	43,924	25,334
Supplies/materials	286,904	21,912	308,816	448,286
Marketing/recruitment	-	-	-	-
Technology	54,678	-	54,678	80,239
Office expense	36,359	2,391	38,750	42,984
Depreciation and amortization	222,530	14,204	236,734	209,444
Other	8,229	525	8,754	12,337
Student activities	14,301	-	14,301	14,762
Interest expense	48,049	-	48,049	21,817
	<u>\$ 4,441,739</u>	<u>\$ 607,388</u>	<u>\$ 5,049,127</u>	<u>\$ 5,014,638</u>
Total expenses	<u>\$ 4,441,739</u>	<u>\$ 607,388</u>	<u>\$ 5,049,127</u>	<u>\$ 5,014,638</u>

Interdistrict School for Arts and Communication, Inc.

Statement of Cash Flows
Year Ended June 30, 2023
(With Comparative Totals For 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 1,191,576	\$ 179,013
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	236,734	209,444
Bad debt expense	69	-
Changes in operating assets and liabilities		
Accounts receivable	108,663	(68,550)
Grants receivable	-	4,860
Prepaid expenses	14,436	(19,997)
Accounts payable	328,996	(27,615)
Accrued liabilities and deposits	(23,193)	13,781
Refundable advances	(89,028)	82,093
Net cash provided by operating activities	1,768,253	373,029
Cash flows from investing activities		
Purchase of property and equipment	(2,528,038)	(332,736)
Cash flows from financing activities		
Proceeds from (payments on) loan payable	-	-
Payments on loan payable	1,109,097	(12,311)
Net cash (used in) provided by financing activities	1,109,097	(12,311)
Net increase in cash	349,312	27,982
Cash, beginning	1,302,985	1,275,003
Cash, end	\$ 1,652,297	\$ 1,302,985
Supplemental disclosure of cash flow information		
Interest paid	\$ 48,049	\$ 21,817
Non-cash transactions - financing fees paid from loan proceeds	\$ -	

See Notes to Financial Statements.

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(With Comparative Totals For 2022)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

The Interdistrict School for Arts and Communication, Inc. (the "School") is a nonprofit corporation engaged in all activities pertinent to operating a state-chartered public middle school for Grades 6 to 8. The School, located in New London, Connecticut (the "State"), opened in the fall of 1997.

The School features a highly rigorous curriculum that promotes effort through a positive mindset and improves student outcomes by integrating visual and performing arts and STEM into core subject areas. The curriculum supports a learning community and that is multicultural. The School is run by its Board of Directors and a Management Team. The Board of Directors and Management Team are educators, teachers, arts and science experts, financial experts, community leaders, parents and students.

The School's activities began with its incorporation on February 4, 1997.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Net assets with donor restrictions are subject to donor- (or certain grantor-) imposed restrictions which are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses recognized on investments and other assets or liabilities, if any, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions whose restrictions are met in the same reporting period have been reported as support without donor restrictions in the consolidated statement of activities and changes in net assets.

Statement of cash flows

For purposes of reporting cash flows, the School considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2023 and 2022. Additionally, there were no restricted cash balances at June 30, 2023 and 2022.

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(With Comparative Totals For 2022)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and other receivables

Grants receivable represent amounts owed to the School based on exchange transactions. The remaining receivables include billings to local school districts for special education services. The School has determined that no allowance for uncollectible accounts for receivables is necessary as of June 30, 2023. Such estimate is based on management's assessments of the creditworthiness of its local school districts, the aging of its receivables, as well as current economic conditions and historical information.

Revenue recognition

Revenue from federal, state and local government grants and contracts is recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred are reflected as refundable advances in the accompanying statement of financial position. Receivables are recognized to the extent costs have been incurred, but not reimbursed.

Revenue from the state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Contributions are recognized by the School when a donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor, but whose restrictions are met in the same period, are reported as increases to net assets without restrictions. All other donor-restricted contributions are reported as increases to net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions are considered conditional when the underlying agreement includes a performance barrier and a right of return to the promised assets exists. Conditional contributions are not recognized in the financial statements until the performance barrier and right of return have been overcome. As of June 30, 2023 and 2022, the School had no conditional contributions.

Other revenues are recognized at the time of sale or when the performance obligation is satisfied.

Contributed services received from Board Members and volunteers are not recorded in the financial statements since these services do not meet the criteria for recognition as contributed services.

The School receives a substantial portion of its support and revenue from the State Department of Education. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

Income taxes

The School is classified by the Internal Revenue Service as exempt from income tax under Section 501(a) of the Internal Revenue Code as a public education school described in Section 501(c)(3).

The School has no unrecognized tax benefits at June 30, 2023 or 2022. The School's federal and state income tax returns prior to fiscal year 2019 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the School would recognize interest and penalties associated with tax matters as part of management and general expenses in the statement of activities and changes in net assets and include accrued interest and penalties in accrued liabilities in the statement of financial position. The School did not recognize any interest or penalties associated with tax matters for the years ended June 30, 2023 or 2022.

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(With Comparative Totals For 2022)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

The School follows the practice of capitalizing expenditures for equipment in excess of \$2,500 and construction expense of \$5,000; the fair value of donated assets is similarly capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives as follows:

Building	40 years
Furniture and equipment	3 - 10 years

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The School reclassifies net assets with donor restrictions to net assets without donor restriction at that time.

Long-lived assets

The School recognizes an impairment loss when the carrying amount of a long-lived asset exceeds its fair value. In the event that facts and circumstance indicate that the carrying amounts of long-lived assets may be impaired, an evaluation of recoverability would be performed. The evaluation process consists of comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down is required. If the review indicates that the asset will not be recoverable, the carrying value of the asset would be reduced to its estimated realizable value. There was no impairment loss recognized for the years ended June 30, 2023 and 2022.

Functional allocation of expenses

The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's assessment. Health and retirement benefits and payroll taxes are allocated to programs based on the percentage of salary expense of the program to total salary expense. Expenses that can be identified directly with either the program or supporting service are charged to that function accordingly.

Concentrations of credit risk

The School maintains cash balances in one financial institution as of June 30, 2023 . Accounts are insured by the Federal Deposit Insurance Corporation. From time to time, the School's balances may exceed these limits. The School limits its credit risk by selecting financial institutions considered to be highly creditworthy. The uninsured cash balance was \$1,407,631 and \$1,021,608 at June 30, 2023 and 2022, respectively.

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(With Comparative Totals For 2022)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events through November 20, 2023, the date the financial statements were available to be issued.

2. LIQUIDITY

The School regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2023 and 2022, the School has \$2,014,953 and \$1,774,373 respectively, of financial assets available to meet annual operating needs for the 2023 and 2022 fiscal years as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,652,297	\$ 1,302,985
Accounts receivable	362,656	471,388
Grants receivable	<u>-</u>	<u>-</u>
Total financial assets	\$ 2,014,953	\$ 1,774,373
Less, amounts not available to be used within one year due to contractual or donor imposed restrictions:		
Net assets with donor restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,014,953</u>	<u>\$ 1,774,373</u>

These financial assets are not subject to any grantor or contractual restrictions. The School supports its general operations primarily with federal and state grants, which are recognized as purpose restrictions are met.

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(With Comparative Totals For 2022)

3. CONCENTRATIONS

Approximately 88% and 83% of the School's revenue for the years ended June 30, 2023 and 2022, was funded by the federal and state Departments of Education. This funding is subject to specific requirements.

4. GRANTS

The following grants were awarded for use during the years ended June 30, 2023 and 2022:

A State Enrollment-Based Foundation Grant in the amount of \$3,517,443 and \$3,097,927 for 2023 and 2022, respectively, for the purposes of financing public education.

Various grants for the purpose of providing education programs.

Certain grants require the fulfillment of various conditions as set forth by the grantor. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms; the School has accommodated the objectives of the grantors to the provisions of the grants.

The School has recognized refundable advances in the statement of financial position related to unexpended State enrollment-based foundation grant funding in the amount of \$526,451 and \$632,809 at June 30, 2023 and 2022, respectively. The State allows for a carryover of up to 10% of the total state enrollment-based foundation grant to the following year. The School has a carryover of \$65,420 and \$171,779 to be expended in the next fiscal year.

The State allows for the creation of a reserve fund for capital purchase, equipment purchase or other approved projects through a set aside of up to 5% the total State enrollment-based foundation grant. The School has a reserve total of \$461,030 and \$461,030 at June 30, 2023 and 2022, respectively. The budgets for the years ended June 30, 2024 and 2023, do not anticipate the use of these funds.

5. PENSION PLAN

The School maintains a defined contribution pension plan which covers all eligible employees and allows employees to defer a portion of their income on a pre-tax basis. The School's contribution is discretionary and determined in accordance with collective bargaining agreements and/or employment agreements. Pension expense for the years ended June 30, 2023 and 2022, was \$42,086 and \$34,039, respectively.

Certain employees of the School are required to participate in a defined benefit plan established and administered by the Connecticut State Teachers' Retirement Board (the "TRB Plan"). The TRB Plan requires mandatory contributions by employees of 8.25% of their eligible annual compensation. The state of Connecticut provides the remaining funding of retirement benefits, the School is not required to and does not contribute to the TRB Plan.

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(With Comparative Totals For 2022)

6. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment:

	2023	2022
Land	\$ 80,000	\$ 80,000
Building	7,120,670	7,042,241
Construction in progress	2,391,961	191,800
Furniture and equipment	708,861	459,413
Less accumulated depreciation	<u>2,684,426</u>	<u>2,447,692</u>
Net property and equipment	<u>\$ 7,617,066</u>	<u>\$ 5,325,762</u>

Depreciation expense was \$236,734 and \$209,444 for the years ended June 30, 2023 and 2022, respectively.

7. LOAN PAYABLE

Loans payable consist of a mortgage loan ("1st mortgage") with an original balance of \$500,000 dated May 10, 2021; a construction loan ("mortgage") of up to \$1,400,000, which was entered into on August 3, 2022; and a vehicle loan with an original balance of \$34,369 dated January 20, 2023.

Both mortgages are secured by the School's property. The 1st mortgage bears interest at 3.75% per annum, payable in monthly installments of principal and interest of \$2,586 through May 2036 at which time the loan provides for an interest rate adjustment and recalculation of the monthly payment. The new monthly payment then applies through the loan's maturity date of June 2, 2046 when the entire outstanding balance shall be due and payable in full.

The 2nd mortgage bears interest at 6.25% per annum. During the construction period, only interest is due and payable, based on the cumulative borrowings then due. The 2nd mortgage converts to a conventional loan as of September 1, 2023. Thereafter, monthly installments of \$10,304 are payable through September 1, 2032, at which time the loan provides for an interest rate adjustment and recalculation of the monthly payment. This adjustment and recalculation will occur again as of September 1, 2042. The new monthly payment then applies through the loan's maturity date of June 1, 2046, when the remaining outstanding balance, if any, shall be due and payable in full.

The vehicle loan is secured by a lien on a 2019 Ford F-150 maintenance truck. The loan bears interest at 9.89% per annum, payable in monthly installments of principal and interest of \$637.39 through February 6, 2029.

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(With Comparative Totals For 2022)

7. LOAN PAYABLE (Continued)

The future scheduled maturities of long-term debt for the five years subsequent to 2023 and thereafter are approximately as follows:

2024	\$ 45,000
2025	57,200
2026	60,800
2027	64,600
2028	68,873
Thereafter	<u>1,299,290</u>
	<u>\$ 1,595,763</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 there were no net assets with donor restrictions

9. LEASING

The organization adopted Accounting Standard Codification (ASC) 842, Lease standard effective July 1, 2022 and recognized and measured leases existing at July 1, 2022. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840. This adoption did not require any financial or informational changes to the financial statements presented.

The Organization leases copiers under noncancellable operating leases. Rent expense pertaining to these lease agreements was \$16,929 and \$18,468 for the years ended June 30, 2023 and 2022, respectively. The leases expired on April 18, 2023 and were renewed on a month-to-month basis through June 2023.

In June 2023, the School entered into new copier lease agreements which will expire in May 2028. Future minimum lease payments are \$7,092 over the next 4 years, with \$6,501 due in 2028, the final year of the leases.

10. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; actions by employees and parents and natural disasters. The School maintains commercial insurance to protect itself from these risks.

11. CONTINGENT LIABILITIES

The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund because management does not believe that there are any liabilities to be recorded.

**INDEPENDENT AUDITORS' 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
Interdistrict School for Arts and Communication, Inc.
190 Governor Winthrop Boulevard
New London, Connecticut

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 Interdistrict School for Arts and Communication, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Interdistrict School for Arts and Communication, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Interdistrict School for Arts and Communication, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Interdistrict School for Arts and Communication, Inc.'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 is 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 Interdistrict School for Arts and Communication, Inc.'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 determination of 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 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 Interdistrict School for Arts and Communication, Inc.'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 Interdistrict School for Arts and Communication, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Doherty, Beals & Banks, P.C." with a stylized flourish at the end.

DOHERTY, BEALS & BANKS, P.C.
New London, Connecticut

November 20, 2023

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



Board of Directors
Interdistrict School for Arts and Communication, Inc.
190 Governor Winthrop Boulevard
New London, Connecticut

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Interdistrict School for Arts and Communication, Inc.'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 Interdistrict School for Arts and Communication, Inc.'s major federal programs for the year ended June 30, 2023. Interdistrict School for Arts and Communication, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, Interdistrict School for Arts and Communication, Inc. complied, in all material respects, with the compliance requirements referred to above and that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 the report.

We are required to be independent of Interdistrict School for Arts and Communication, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Eastern Connecticut Workforce Investment Board Inc'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 Interdistrict School for Arts and Communication, Inc.'s federal programs.

Auditor's Responsibility 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 Interdistrict School for Arts and Communication, Inc's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a 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 aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Interdistrict School for Arts and Communication, Inc's compliance with the requirements of each major federal program as a whole.

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

Exercise professional judgement 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 Interdistrict School for Arts and Communication, Inc'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 Interdistrict School for Arts and Communication, Inc'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 Interdistrict School for Arts and Communication, Inc.'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 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 of significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

We have audited the financial statements of Interdistrict School for Arts and Communication, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated November 20, 2023, which contained an unmodified opinion on these financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 schedule of expenditures of the federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Doherty, Beals & Banks, P.C.
New London, Connecticut

November 20, 2023

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

<u>Federal Grantor Pass-Through Grantor Program Title</u>	<u>Passthrough Entity Identifying Number</u>	<u>Federal</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State of Connecticut Department of Education Child Nutrition Cluster			
School Breakfast Program	12060-20508-82079-2023	10.553	\$ 84,673
National School Lunch Program	12060-20560-82079-2023	10.555	179,929
Supply Chain Public Assistance	12060-23126-82079-2023	10.555	23,294
Emer Oper Costs Reim (PEBT)	12060-29802-82079-2023	10.555	628
Total Department of Agriculture			<u>288,524</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through the State of Connecticut Department of Education			
Title I Grants to Local Educ Agencies	12060-20679-82070-2022	84.01	1,503
Title I Grants to Local Educ Agencies	12060-20679-82070-2023	84.01	<u>155,203</u>
			156,706
Improving Teacher Quality State Grants	12060-20858-84131-2023	84.367	15,714
Student Support and Academic Enrichment Grant	12060-22854-82079-2023	84.424	11,789
Education Stabilization Fund - Elementary and Secondary School Emergency Relief (ESSER) Fd	12060-29571-82079-2021	84.425D	251,221
Education Stabilization Fund - Elementary and Secondary School Emergency Relief (ESSER) Fd	12060-29571-82079-2021	84.425D	<u>33,176</u>
			284,397
21st Century Community Learning Ctrs	12060-20863-84131-2021	84.425D	47,803
21nd Century Community Learning Ctrs	12060-20863-84131-2023	84.425D	<u>162,987</u>
			210,790
ARP ESSER - Enhancement Grant	12060-29636-82079-2021	84.425U	200,639
ARP ESSER Grant	12060-29636-82079-2021	84.25U	<u>729,290</u>
			929,929
Passed through ACES: APR ESSER Homeless Children and Youth	12060-29650-82079-2021	84.425W	<u>1,552</u>
Passed through LEARN: English Language Acquisition State Grants	12060-20868-82075-2022	84.365	<u>7,057</u>
Total Department of Education			<u>1,617,934</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,906,458</u>

The accompanying notes are an integral part of this schedule.

**INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

1. ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

The accounting policies of Interdistrict School for Arts and Communication, Inc. conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance-based awards, revenues are recognized to the extent of performance achieved during the grant period.

COST ALLOCATION PRINCIPLES

Interdistrict School for Arts and Communication, Inc. has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

2. OTHER FEDERAL ASSISTANCE

Interdistrict School for Arts and Communication, Inc. did not receive other federal assistance in the form of insurance, loans, or loan guarantees.

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency (s) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516 _____ yes X no

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>	<u>Expenditures</u>
COVID 19 Funding ARP Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	\$ 929,929
Dollar threshold used to distinguish between Type A and Type B program: \$		750,000
Auditee qualified as a low risk auditee?		No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS

No prior year audit findings were reported.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR STATE PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
THE SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE REQUIRED BY
THE STATE SINGLE AUDIT ACT**



Board of Directors of
Interdistrict School for Arts and Communication, Inc.
190 Governor Winthrop Boulevard
New London, CT 06320

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Interdistrict School for Arts and Communication, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Interdistrict School for Arts and Communication, Inc.'s major state programs for the year ended June 30, 2023. Interdistrict School for Arts and Communication, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Interdistrict School for Arts and Communication, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Interdistrict School for Arts and Communication, Inc. 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 state program. Our audit does not provide a legal determination of Interdistrict School for Arts and Communication, Inc.'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 Interdistrict School for Arts and Communication, Inc.'s state programs.

Auditors' 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 Interdistrict School for Arts and Communication, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit 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 Interdistrict School for Arts and Communication, Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, 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 Interdistrict School for Arts and Communication, Inc.'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 Interdistrict School for Arts and Communication, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of Interdistrict School for Arts and Communication, Inc.'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 state 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 state 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 state 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Interdistrict School for Arts and Communication, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated November 20, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



DOHERTY, BEALS & BANKS P.C.

New London, CT 06320

November 20, 2023

**INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023**

State Grantor/Pass- Through Grantor/Program Title	State Grant Program Core-CT Number	Passed Through To Subrecipients*	Expenditures
State Department of Education			
Charter Schools	11000-SDE64000-16119		\$ 3,517,443
State School Breakfast	11000-SDE64000-17046		2,662
Bilingual Education	11000-SDE64000-17042		6,936
Child Nutrition State Matching Grant	11000-SDE64000-16211		1,769
Health Food Initiative	11000-SDE64000-16212		3,364
Talent Development	11000-SDE64000-12552		2,069
			<u>3,534,243</u>
Department of Emergency Services and Protection			
School Security	12052-DPS32161-43546		11,536
TOTAL STATE FINANCIAL ASSISTANCE			<u>\$ 3,545,779</u>

See notes to schedule.

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Interdistrict School for Arts and Communication, Inc. under programs of the State of Connecticut for the fiscal year ended June 30, 2023. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including emergency shelter and transitional living programs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Interdistrict School for Arts and Communication, Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit agencies.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

2. SUBRECIPIENTS

The Schedule of Expenditures of State Financial Assistance is to include an identification of the total amount provided to subrecipients from each state program. This identification should be presented on the face of the Schedule. There were no payments to subrecipients during the reporting period.

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's opinion issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

_____ yes X no

- The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
State Department of Education	11000-SDE64000-16119	\$ 3,517,443

- Dollar threshold used to distinguish between type A and type B programs. \$ 200,000

INTERDISTRICT SCHOOL FOR ARTS AND COMMUNICATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated November 20, 2023, 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported relating to State Financial Assistance programs.