

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**

**WITH SUMMARIZED TOTALS FOR THE  
YEAR ENDED JUNE 30, 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Carmen High School of Science and Technology, Inc.  
Milwaukee, Wisconsin

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Carmen High School of Science and Technology, Inc. (a nonprofit organization) (Organization), which comprise the statements of financial position as of June 30, 2024, and the related statements of activities 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 the Organization as of June 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

#### ***Other Matters***

The 2023 financial statements were audited by other auditors, whose report dated October 26, 2023, expressed an unmodified opinion on those statements.

#### ***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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

**Report on Summarized Comparative Information**

Other auditors have previously audited the Organization’s financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated October 26, 2023. In their opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and by the Wisconsin 2r Charter School Audit Manual issued by the Wisconsin Department of Public Instruction, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of activities by location, statement of activities – Stellar Elementary, statement of functional expenses – Stellar Elementary, pupil revenue and expense – Stellar Elementary, statement of activities – South Middle, statement of functional expenses – South Middle and pupil revenue and expense – South Middle are presented for the purpose of additional analysis and are 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 information 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 26, 2024 our consideration of the Organization’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 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 the Organization’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
November 26, 2024

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

	2024	2023
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 17,142,554	\$ 8,724,977
Investments	12,829,804	14,063,189
Promises to Give, Current Portion	20,000	20,000
Accounts Receivable	-	12,770
Due From Related Party	16,917	422,927
Federal and State Grants Receivable:		
Due From Milwaukee Public Schools	14,040,347	7,528,498
Other Grants Receivable	719,902	1,094,713
Total Federal and State Grants Receivable	14,760,249	8,623,211
Prepaid Expenses	224,699	306,738
Total Current Assets	44,994,223	32,173,812
<b>PROPERTY AND EQUIPMENT:</b>		
Construction in Progress	144,741	-
Building and Building Improvements	1,317,879	1,317,879
Leasehold Improvements	1,234,780	1,153,707
Furniture and Equipment	543,024	480,440
Vehicles	49,186	49,186
Total Property and Equipment	3,289,610	3,001,212
Less - Accumulated Depreciation and Amortization	1,045,302	831,238
Net Property and Equipment	2,244,308	2,169,974
<b>OTHER ASSETS</b>		
Promises to Give, Long-Term Portion	-	17,836
Operating Right-of-Use Asset	3,003,008	6,857,616
Financing Right-of-Use Asset	88,794	46,417
Total Other Assets	3,091,802	6,921,869
 Total Assets	 \$ 50,330,333	 \$ 41,265,655

See accompanying Notes to Financial Statements.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2024 AND 2023**

	2024	2023
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 528,001	\$ 741,203
Accrued Expenses and Other Liabilities	2,354,001	1,258,802
Unearned Revenue	19,950	19,240
Current Portion of Notes Payable	49,176	46,863
Current Portion of Operating Lease Liability	1,576,867	1,311,922
Current Portion of Financing Lease Liability	31,372	32,721
Total Current Liabilities	4,559,367	3,410,751
<b>NONCURRENT LIABILITIES</b>		
Long Term Portion of Notes Payable	1,159,931	1,211,392
Long Term Portion of Operating Lease Liability	1,516,057	5,462,757
Long Term Portion of Financing Lease Liability	58,621	15,436
Total Noncurrent Liabilities	2,734,609	6,689,585
Total Liabilities	7,293,976	10,100,336
<b>NET ASSETS</b>		
Without Donor Restrictions	40,647,973	28,824,257
With Donor Restrictions	2,388,384	2,341,062
Total Net Assets	43,036,357	31,165,319
Total Liabilities and Net Assets	\$ 50,330,333	\$ 41,265,655

See accompanying Notes to Financial Statements.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**  
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
<b>REVENUE, SUPPORT, AND GAINS</b>				
MPS Per Pupil Income (Fee for Service)	\$ 18,760,972	\$ -	\$ 18,760,972	\$ 15,715,242
State Awards	4,656,465	182,452	4,838,917	4,107,051
Federal Awards	-	16,616,219	16,616,219	9,229,014
Private Gifts and Grants	145,047	133,607	278,654	3,897,755
Investment Activity:				
Interest Income	703,922	-	703,922	417,512
Realized Gain on Investments	-	-	-	25,932
Unrealized Gain (Loss) on Investments	502,667	-	502,667	154,573
Net Investment Activity	1,206,589	-	1,206,589	598,017
Contributed Nonfinancial Assets	-	-	-	133,314
Student Activity	106,394	-	106,394	105,608
Other Income	46,051	-	46,051	93,274
Concessions, Net	3,299	-	3,299	5,474
Food Service (Fee for Service)	-	-	-	1,850
Bad Debt Loss	-	-	-	(400,000)
Released from Restriction	16,884,956	(16,884,956)	-	-
Total Revenue, Support, and Gains	41,809,773	47,322	41,857,095	33,486,599
<b>EXPENSES AND LOSSES</b>				
Program Services Expenses:				
Salaries and Wages	10,540,443	-	10,540,443	10,418,837
Payroll Taxes	867,984	-	867,984	762,470
Employee Benefits	1,108,883	-	1,108,883	835,227
Contracted Services	1,761,563	-	1,761,563	838,721
Supplies and Equipment	1,311,628	-	1,311,628	1,406,703
Staff Development and Recruitment	342,689	-	342,689	252,526
Operating Lease Expense	1,657,596	-	1,657,596	1,656,294
Building Maintenance and Repair	35,214	-	35,214	180
Other Program Expenses	651,151	-	651,151	378,318
Total Program Expenses	18,277,151	-	18,277,151	16,549,276
Mangement and General Expenses:				
Salaries and Wages	6,408,020	-	6,408,020	4,854,437
Payroll Taxes	490,203	-	490,203	419,784
Employee Benefits	494,857	-	494,857	367,470
Contracted Services	1,480,395	-	1,480,395	927,710
Authorizer Fee	232,795	-	232,795	204,746
Supplies and Equipment	205,283	-	205,283	699,515
Staff Development and Recruitment	480,076	-	480,076	315,669
Operating Lease Expense	47,964	-	47,964	43,212
Legal and Accounting	444,842	-	444,842	362,959
Insurance	203,460	-	203,460	172,085
Depreciation and Amortization	214,064	-	214,064	191,853
Amortization on Financing Leases	32,962	-	32,962	33,006
Interest	53,067	-	53,067	56,104
Utilization of Nonfinancial Assets	-	-	-	133,314
Building Maintenance and Repair	634,653	-	634,653	658,260
Other Program Expenses	286,265	-	286,265	268,082
Total Supporting Services Expenses	11,708,906	-	11,708,906	9,708,206
Total Expenses and Losses	29,986,057	-	29,986,057	26,257,482
<b>CHANGE IN NET ASSETS</b>	11,823,716	47,322	11,871,038	7,229,117
Net Assets - Beginning of Year	28,824,257	2,341,062	31,165,319	23,936,202
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 40,647,973</u>	<u>\$ 2,388,384</u>	<u>\$ 43,036,357</u>	<u>\$ 31,165,319</u>

See accompanying Notes to Financial Statements.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2024 AND 2023**  
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 11,871,038	\$ 7,229,117
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	214,064	191,853
Amortization on Right-of-Use Financing Lease	41,836	33,006
Unrealized (Gain) Loss on Investments	755,953	(154,573)
Realized Gain on Donated Stock	-	(25,932)
Loss on Sale of Property and Equipment	-	27,130
Changes in Operating Assets and Liabilities:		
Grants and Accounts Receivable	(6,124,268)	(6,988,825)
Promises to Give, Net	17,836	407,837
Due from Related Party	406,010	(33,755)
Prepaid Expenses	82,039	73,533
Operating Lease Asset and Liability	172,853	(82,937)
Accounts Payable	(258,378)	506,195
Accrued Expenses and Other Liabilities	1,095,199	245,664
Unearned Revenue	710	19,240
Net Cash Provided by Operating Activities	8,274,892	1,447,553
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(10,871,568)	(13,882,684)
Proceeds from Sales of Investments	11,349,000	-
Purchases of Property and Equipment	(243,222)	(208,121)
Net Cash Provided (Used) by Investing Activities	234,210	(14,090,805)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Financing Right-of-Use Asset	(42,377)	(31,266)
Payments on Notes Payable	(49,148)	(45,031)
Net Cash Used by Financing Activities	(91,525)	(76,297)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	8,417,577	(12,719,549)
Cash and Cash Equivalents - Beginning of Year	8,724,977	21,444,526
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 17,142,554	\$ 8,724,977
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for:		
Interest	\$ 53,068	\$ 56,104
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY</b>		
Accounts Payable for Property and Equipment	\$ 45,176	\$ -

See accompanying Notes to Financial Statements.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Carmen High School of Science and Technology, Inc. (Organization) is a nonprofit corporation whose purpose is to graduate all students as critical thinkers and self-directed learners prepared for success in college, meaningful careers, community involvement and family life.

The Organization was incorporated on March 31, 2006 (South location) and is largely funded through a charter school contract with the Milwaukee Board of School Directors, other government financial assistance and corporate, foundation and individual donations. The Organization added the Northwest location in fall 2013, the Southeast location in fall 2016, the South Middle location in 2018 and the Stellar Elementary location in 2019.

The following locations are chartered through Milwaukee Public Schools:

- South High School Campus
- Southeast High School Campus
- Northwest Middle and High School Campus

The following locations are chartered through UW – Milwaukee:

- Stellar Elementary Campus
- South Middle School Campus

**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 (U.S. GAAP). Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization has no net assets to be held in perpetuity.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Comparative Financial Information**

The accompanying 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 (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all demand deposits and money market accounts as cash and equivalents.

**Investment Valuation and Income Recognition**

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The framework clarifies that the exchange price is the price in transaction between market participants to sell an asset or transfer a liability at the measurement date. The framework emphasizes that fair value is a market-based measurement and not an entity-specific measurement. U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs, which are summarized as follows:

*Level 1* – Quoted prices in active markets, e.g. NYSE, NASDAQ, etc. for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

*Level 2* – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

*Level 3* – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used to measure fair value.

*Unites States Treasury Bonds:* Valued at the present value of future cash flows.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Investment Valuation and Income Recognition (Continued)**

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Interest income realized gains and losses and unrealized appreciation and depreciation of the Organization's assets are reported in the statements of activities as an increase or decrease in net assets based upon donor-imposed restrictions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Accounts Receivable**

Accounts receivable are reported at contract value, less management's estimate for credit losses based on a combination of historical loss experience, current economic conditions, and forward-looking information. No allowance for credit losses has been provided since management believes that such allowance would not be material. The accounts receivable balance was \$- and \$12,770 at June 30, 2024 and 2023, respectively.

**Federal and State Grants Receivable**

Federal and state grants receivables represent consideration from federal, state and local government agencies, of which the Organization has an unconditional right to receive. Management has determined, based on historical experience, that all federal and state grant receivables are fully collectible and no allowance for doubtful accounts is necessary.

**Promises to Give**

Promises to give are recorded at their estimated fair value, less an appropriate allowance. Management has determined that no allowance is necessary.

**Property and Equipment**

Property and equipment are reported at cost, at the date of acquisition, or fair value at the date of donation in the case of gifts, less accumulated depreciation. The Organization's policy is to capitalize all expenditures for property and equipment over \$5,000. Depreciation or amortization is computed on a straight-line basis over the estimated useful lives of the related assets. Depreciation and amortization expense for the year ended June 30, 2024 and 2023 was \$214,064 and \$191,853, respectively.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Support and Revenue**

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Revenue from performance obligations satisfied at a point in time or over a period of time consists of the following:

- Per pupil and student activity income – recognized as performance obligations (programming) are met
- Concessions, net - recognized when transfer of product occurs
- Food service – recognized as meals are purchased

Revenue from non-exchange transactions consist of the following:

- Federal and state grants – Federal and state contracts are conditional upon the incurrance of allowable qualifying expenses. Revenue is recorded as allowable qualifying expenses are incurred. As of June 30, 2024 and 2023, \$13,959,468 and \$6,751,370 of conditional revenue was recognized, respectively.
- Contributions of cash and promises to give - received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets with donor restriction and then released from restriction. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized at prime interest rate and is reported as contribution revenue. Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional. As of June 30, 2024 and 2023, \$137,500 and \$137,500 of conditional revenue was outstanding, respectively.
- Contributed nonfinancial assets – Recognized when the service is performed on behalf of the Organization.

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Organization has implemented accounting for uncertainty in income taxes in accordance with U.S. GAAP. This standard describes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosure required. Management of the Organization evaluates the uncertain tax positions taken, if any, and consults with outside counsel as deemed necessary. The Organization recognizes interest and penalties, if any, related to unrecognized tax liabilities in income tax expense. The Organization does not anticipate any income tax liability.

**Allocation of Functional Expenses**

The statement of activities presents the natural classification detail of expenses by function. Accordingly, per-pupil allocations of central administration expenses is based on each location's proportionate share of the MPS per pupil fee-for-service revenue. The administrative allocation is based on each locations remaining overall fee. The remaining expenses within the statement of activities are direct expenses and therefore no allocation of expenses between program, management and general and fundraising is deemed necessary. MPS does not allow depreciation or operating lease expenses to be charged to programming.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Leases**

Effective July 1, 2022, the Organization adopted FASB ASC 842, *Leases* and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment with certain practical expedients available. The new standard establishes a ROU model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Leases (Continued)**

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right-of-use assets.

**Change in Accounting Principle**

On July 1, 2023, the Organization adopted FASB ASU 2016-13. *Financial instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did result in changes to the Organization's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The Organization also updated its accounting policies for determining the recoverability of accounts receivable.

The Organization extends credit to customers in the normal course of business. The Organization uses a combination of historical loss experience, current economic conditions, and forward-looking information to estimate credit losses for financial assets. The Organization considers various factors such as borrower creditworthiness and probability of default to estimate credit losses. Management has concluded that credit losses on balances outstanding at year-end will be immaterial.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure and other current contractual obligations, that is, without donor or other restrictions limiting their use, within one year of financial position date, comprise of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 17,142,554	\$ 8,724,977
Investments	12,829,804	14,063,189
Accounts Receivable	-	12,770
Promises to Give	20,000	20,000
Due From Related Party	16,917	422,927
Due From Milwaukee Public Schools	14,040,347	7,528,498
Other Grants Receivable	719,902	1,094,713
Total financial assets	<u>44,769,524</u>	<u>31,867,074</u>
Less Amounts Not Available to be Used Within One Year for Obligations:		
Collateralized Assets on the Building Loan	(1,209,107)	(1,258,255)
Amounts Restricted for Capital Campaign	(610,250)	(560,735)
Total	<u>\$ 42,950,167</u>	<u>\$ 30,048,084</u>

The Organization receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization aims to maintain adequate working capital to cover operational expenses in the event of delay in receipt of payment or other interruptions of cash flow. Minimally, the Organization intends to maintain 45 days of expenses and ideally the Organization will maintain at least 3 months of expenses. Per pupil carryover funds can currently fund 3 months of future anticipated expenses.

**NOTE 3 FAIR VALUE MEASUREMENT AND DISCLOSURES**

The following summarizes classification of investments by classification and method of valuation in accordance with the requirements of U.S. GAAP as of June 30, 2024 and 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2024</u>				
U.S. Treasury Bonds	\$ 12,829,804	\$ -	\$ -	\$ 12,829,804
Total	<u>\$ 12,829,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,829,804</u>
<u>June 30, 2023</u>				
U.S. Treasury Bonds	\$ 14,063,189	\$ -	\$ -	\$ 14,063,189
Total	<u>\$ 14,063,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,063,189</u>

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 4 PROMISES TO GIVE**

Unconditional promises to give were \$20,000 and \$37,836 as of June 30, 2024 and 2023, respectively. Unconditional promises as June 30, 2024 are estimated to be collected within one year.

**NOTE 5 UNEARNED REVENUE**

Unearned revenue as of June 30, 2024 and 2023 was \$19,950 and \$19,240, respectively.

**NOTE 6 LINE OF CREDIT**

On June 29, 2023, the Organization signed a line of credit in the amount of \$1,000,000 at prime rate plus 1.50% expiring April 30, 2025. The Organization agreed to secure this line of credit with collateral defined as assets of the Organization. The Organization did not have activity on this line of credit for the years ending June 30, 2024 and 2023.

**NOTE 7 NOTES PAYABLE**

The Organization has a note payable to be used exclusively for costs associated with purchasing and renovations of property. The Organization is approved to draw up to \$1,350,000. During 2020, the Organization refinanced the loan and the refinanced loan bears interest at a fixed rate of 4.25%. The loan is interest only for two years followed by five years of interest and principal payments (based on 20-year amortization factor) followed by a balloon payment due December 2026. The Organization has pledged the building, future rental receipts and substantially all the Organization's personal property. Total loan outstanding as of June 30, 2024 and 2023 was \$1,209,107 and \$1,258,255, respectively. Total interest expense for the year ending June 30, 2024 and 2023 was \$53,068 and \$56,104, respectively. The following is the minimum principal payment due on the note payable for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 49,176
2026	51,337
2027	1,108,594
Total	<u>\$ 1,209,107</u>

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 8 LEASES**

The Organization has operating leases for building rent and finance leases for office equipment. The Southeast building location has an option to renew for five additional years or extend the lease; however, South and Northwest leases do not offer such an extension. The Organization has remaining lease terms of 1 to 3 years. As of June 30, 2024 and 2023, assets recorded under finance leases were \$97,533 and \$79,423 and accumulated amortization associated with finance leases was \$8,739 and \$33,006, respectively. In the statement of activities, operating lease expense is included in the statement as rent and copier finance lease expenses is included in supplies and equipment.

Quantitative information concerning the Organization's leases for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Operating Lease Cost	\$ 1,621,491	\$ 1,526,537
Financing Lease Cost:		
Interest Expense	1,130	1,682
Amortization of Right-of-Use Assets	8,122	33,006
Short-term Lease Cost	47,963	-
	<u>2024</u>	<u>2023</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 1,606,441	\$ 1,488,937
Operating Cash Flows from Finance Leases	1,130	1,682
Financing Cash Flows from Finance Leases	7,602	31,266
Right-of-Use Assets Obtained in Exchange for Lease Liabilities:		
Operating Leases	\$ -	\$ -
Finance Leases	97,463	-

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Weighted-Average Lease Term:		
Operating Leases	2.0 Years	5.91 Years
Finance Leases	2.7 Years	1.53 Years
Weighted-Average Discount Rate:		
Operating Leases	2.69 %	2.69 %
Finance Leases	4.76 %	2.69 %

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 8 LEASES (CONTINUED)**

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 1,637,259	\$ 34,927
2026	1,534,992	34,927
Total Lease Payments	3,172,251	96,049
Less: Interest	(79,327)	(6,056)
Present Value of Lease Liabilities	<u>\$ 3,092,924</u>	<u>\$ 89,993</u>

**NOTE 9 NET ASSETS**

Net assets with donor restrictions consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Southeast Campus:		
Location	\$ 668,415	\$ 668,414
South Middle:		-
Location	95,180	95,180
Purpose	-	25,750
Stellar:		
Location	40,000	40,000
Purpose	239,156	193,249
Central:		
Purpose	579,835	588,921
Time and Purpose (Capital Campaign)	610,250	574,000
Northwest Campus:		
Location	19,065	19,065
Purpose	136,483	136,483
Total	<u>\$ 2,388,384</u>	<u>\$ 2,341,062</u>

Net assets without donor restriction balances consist of \$ 40,647,973 and \$28,824,257 as of June 30, 2024 and 2023, respectively.

**NOTE 10 EMPLOYEE RETIREMENT PLAN**

The Organization offers a 403(b) retirement plan where employees may elect to defer the maximum allowed by the Internal Revenue Service. The Organization may make discretionary contributions to be allocated to all eligible employees. The Organization contributed \$252,561 and \$101,923, to the plan for the years ended June 30, 2024 and 2023, respectively.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 11 RELATED-PARTY ACTIVITY**

Carmen High School Development Organization, Inc. (Development Organization) is a nonprofit organization that exists as a Type I supporting organization under Section 509(c)(3) to provide services to, and for the benefit of, the education program operated by Carmen High School of Science and Technology, Inc. The Development Organization supports school day and after school programs for the students of Carmen High School of Science and Technology, Inc., the supported organization. To date the focus of the Development Organization has been to recruit employers to host student internships and apprenticeships and to obtain donations for college scholarships for students who have participated in the internship program.

The financial information for the Development Organization was not consolidated with the Organization as the Organization does not have economic interest in the Development Organization.

The Development Organization periodically enters into transactions with the Organization whereby the latter is reimbursed for payroll expenses incurred to manage programs overseen by the Development Organization's Board of Directors. Amounts receivable from the Development Organization as of June 30, 2024 and 2023 was \$16,917 and \$7,823, respectively.

Carmen High School of Science and Technology, Inc.'s Board of Directors includes an individual who is employed by Tri-City National Bank. Carmen High School of Science and Technology, Inc. maintains a checking account and note payable with the bank.

**NOTE 12 CONCENTRATIONS**

The Organization maintains cash balances at two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's balances are in excess of the insured limits.

As a Milwaukee Public School Charter School, the Organization received 45% and 47% of its revenues from the per pupil contract agreement for the years ended June 30, 2024 and 2023, respectively.

The Organization received approximately 51% and 40% of its revenues from federal and state grants for the years ended June 30, 2024 and 2023, respectively.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

The Organization has received federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, management believes all compliance requirements have been met.

The Organization receives state funds from MPS for the special education program based on an estimated percentage. MPS re-evaluates on a yearly basis the difference between the estimate and actual costs and adjusts the subsequent payment accordingly. Since the Organization is unable to reasonably determine the difference, no payable or receivable is recorded.

**NOTE 14 RISKS AND UNCERTAINTIES**

The Organization's investments are exposed to various risks of loss, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the financial statements.

**NOTE 15 SUBSEQUENT EVENTS**

On August 8, 2024, the Organization created Carmen Real Estate Holding LLC, for the purpose of constructing a new school building. The new building will provide the Organization with a permanent space to continue delivering high-quality education to its students. On August 19, 2024, property was acquired for \$4.45 million. The total estimated cost of the new building is \$55 million, and construction is expected to be completed in the fall of 2026.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**SCHEDULE OF ACTIVITIES BY LOCATION**  
**YEAR ENDED JUNE 30, 2024**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	Central Administration	South High School Campus	Southeast High School Campus	South Middle Campus	Northwest Campus	Stellar Elementary Campus	2024 Total	2023 Total
<b>REVENUE, SUPPORT, AND GAINS</b>								
MPS Per Pupil Income (Fee for Service)	\$ -	\$ 4,622,085	\$ 7,627,095	\$ -	\$ 6,511,792	\$ -	\$ 18,760,972	\$ 15,715,242
State Awards	41,155	44,634	(8,713)	2,335,637	(12,709)	2,438,913	4,838,917	4,107,051
Federal Awards	115,667	2,945,962	5,750,088	1,208,927	5,280,537	1,315,038	16,616,219	9,229,014
Private Gifts and Grants	277,154	-	-	-	-	1,500	278,654	3,897,755
Interest Income	703,922	-	-	-	-	-	703,922	417,512
Realized Gain on Investments	-	-	-	-	-	-	-	25,932
Unrealized Gain on Investments	502,667	-	-	-	-	-	502,667	154,573
In-Kind Contributions	-	-	-	-	-	-	-	133,314
Student Activity	-	36,764	45,454	12,304	11,706	166	106,394	105,608
Other Income	13,198	6,512	5,233	2,042	18,101	965	46,051	93,274
Concessions, Net	-	6	753	-	2,540	-	3,299	5,474
Food Service (Fee for Service)	-	-	-	-	-	-	-	1,850
Bad Debt Loss	-	-	-	-	-	-	-	(400,000)
Total Revenue, Support, and Gains	1,653,763	7,655,963	13,419,910	3,558,910	11,811,967	3,756,582	41,857,095	33,486,599
<b>EXPENSES AND LOSSES</b>								
Program Services Expense:								
Salaries and Wages	-	1,938,966	3,124,874	1,068,526	3,003,993	1,404,084	10,540,443	10,418,837
Payroll Taxes	-	161,268	251,862	91,009	246,858	116,987	867,984	762,470
Employee Benefits	-	237,837	370,153	103,748	257,216	139,929	1,108,883	835,227
Contracted Services	-	182,757	496,823	127,573	628,250	326,160	1,761,563	838,721
Supplies and Equipment	-	155,438	326,516	198,209	336,440	295,025	1,311,628	1,406,703
Staff Development and Recruitment	-	48,678	90,504	16,511	150,401	36,595	342,689	252,526
Operating Lease Expense	-	272,615	543,652	131,059	710,270	-	1,657,596	1,656,294
Building Maintenance and Repairs	-	-	-	35,089	-	125	35,214	180
Other Program Expenses	-	127,653	171,481	52,739	276,346	22,932	651,151	378,318
Total Program Services Expense	-	3,125,212	5,375,865	1,824,463	5,609,774	2,341,837	18,277,151	16,549,276

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**SCHEDULE OF ACTIVITIES BY LOCATION (CONTINUED)**  
**YEAR ENDED JUNE 30, 2024**  
**(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2023)**

	Central Administration	South High School Campus	Southeast High School Campus	South Middle Campus	Northwest Campus	Stellar Elementary Campus	2024 Total	2023 Total
<b>EXPENSES AND LOSSES (CONTINUED)</b>								
Supporting Services Expense:								
Salaries and Wages	\$ 2,121,609	\$ 822,846	\$ 1,548,629	\$ 430,819	\$ 1,122,445	\$ 361,672	\$ 6,408,020	\$ 4,854,437
Payroll Taxes	160,902	61,384	118,162	33,322	87,852	28,581	490,203	419,784
Employee Benefits	169,791	62,342	84,288	46,170	91,372	40,894	494,857	367,470
Contracted Services	748,759	112,933	325,200	55,077	183,313	55,113	1,480,395	927,710
Authorizer Fee	-	45,654	75,939	23,266	64,951	22,985	232,795	204,746
Supplies and Equipment	40,337	15,617	43,456	23,750	58,339	23,784	205,283	699,515
Staff Development and Recruitment	357,637	23,364	50,355	2,920	38,273	7,527	480,076	315,669
Operating Lease Expense	47,964	-	-	-	-	-	47,964	43,212
Legal and Accounting	232,273	40,038	68,777	20,890	60,484	22,380	444,842	362,959
Insurance	-	39,043	66,383	19,995	57,755	20,284	203,460	172,085
Depreciation and Amortization	5,305	6,712	48,406	17,988	80,400	55,253	214,064	191,853
Amortization on Finance Lease	-	2,326	8,294	2,021	13,866	6,455	32,962	33,006
Interest	-	317	462	276	552	51,460	53,067	56,104
Utilization of Nonfinancial Assets	-	-	-	-	-	-	-	133,314
Building Maintenance and Repairs	230	19,049	49,471	168,236	141,996	255,671	634,653	658,260
Other Support Expenses	143,739	33,184	20,187	28,285	44,161	16,709	286,265	268,082
Total Supporting Services Expense	<u>4,028,546</u>	<u>1,284,809</u>	<u>2,508,009</u>	<u>873,015</u>	<u>2,045,759</u>	<u>968,768</u>	<u>11,708,906</u>	<u>9,708,206</u>
Total Expenses Before Allocations	4,028,546	4,410,021	7,883,874	2,697,478	7,655,533	3,310,605	29,986,057	26,257,482
Allocated Expenses:								
Per Pupil Expenses Allocation	(3,516,259)	797,684	1,484,088	-	1,234,487	-	-	-
Administrative Allocation	706,166	(243,034)	(568,836)	280,065	(453,072)	278,711	-	-
Total Allocated Expenses	<u>(2,810,093)</u>	<u>554,650</u>	<u>915,252</u>	<u>280,065</u>	<u>781,415</u>	<u>278,711</u>	<u>-</u>	<u>-</u>
Net Expenses	<u>1,218,453</u>	<u>4,964,671</u>	<u>8,799,126</u>	<u>2,977,543</u>	<u>8,436,948</u>	<u>3,589,316</u>	<u>29,986,057</u>	<u>26,257,482</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 435,310</u>	<u>\$ 2,691,292</u>	<u>\$ 4,620,784</u>	<u>\$ 581,367</u>	<u>\$ 3,375,019</u>	<u>\$ 167,266</u>	<u>\$ 11,871,038</u>	<u>\$ 7,229,117</u>

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**STATEMENT OF ACTIVITIES – STELLAR ELEMENTARY**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Without Donor Restriction	With Donor Restriction	2024 Total	2023 Total
<b>REVENUE, SUPPORT, AND GAINS</b>				
State Aid:				
State Per Pupil Aid	\$ 2,322,595	\$ -	\$ 2,322,595	\$ 2,125,469
State Special Education	-	59,232	59,232	58,798
State Lunch Aid	-	-	-	2,861
Assessments of Reading Readiness	-	-	-	14,933
Common Fund	-	57,086	57,086	-
Total State Aid	<u>2,322,595</u>	<u>116,318</u>	<u>2,438,913</u>	<u>2,202,061</u>
Federal Aid:				
Title I	-	235,758	235,758	182,364
Title II	-	12,974	12,974	22,711
Title III	-	-	-	23,696
Special Education	-	114,097	114,097	115,446
Child Nutrition	-	368,318	368,318	367,463
Education Stabilization	-	-	-	259,760
ESSER III	-	583,891	583,891	-
Total Federal Aid	<u>-</u>	<u>1,315,038</u>	<u>1,315,038</u>	<u>971,440</u>
Other Revenue:				
Private Grants and Contributions	1,500	-	1,500	33,905
Other Revenue	1,131	-	1,131	6,464
Total Other Revenue	<u>2,631</u>	<u>-</u>	<u>2,631</u>	<u>40,369</u>
Released from Restriction	731,147	(731,147)	-	-
Total Revenue, Support, and Gains	<u>3,056,373</u>	<u>700,209</u>	<u>3,756,582</u>	<u>3,213,870</u>
<b>EXPENSES AND LOSSES</b>				
Program Services Expense:				
Regular Education	2,133,396	-	2,133,396	1,796,204
Special Education	208,441	-	208,441	250,126
Total Program Services Expense	<u>2,341,837</u>	<u>-</u>	<u>2,341,837</u>	<u>2,046,330</u>
Supporting Services Expense:				
Management and General	1,247,479	-	1,247,479	1,296,396
Total Supporting Services Expense	<u>1,247,479</u>	<u>-</u>	<u>1,247,479</u>	<u>1,296,396</u>
Total Expenses and Losses	<u>3,589,316</u>	<u>-</u>	<u>3,589,316</u>	<u>3,342,726</u>
<b>CHANGE IN NET ASSETS</b>	(532,943)	700,209	167,266	(128,856)
Net Assets - Beginning of Year	<u>766,669</u>	<u>233,249</u>	<u>999,918</u>	<u>1,128,774</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 233,726</u>	<u>\$ 933,458</u>	<u>\$ 1,167,184</u>	<u>\$ 999,918</u>

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES – STELLAR ELEMENTARY**  
**YEAR ENDED JUNE 30, 2024**  
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Program Services			Management and General	2024 Total	2023 Total
	Regular Education	Special Education	Total			
Salaries and Wages:						
Instructional	\$ 1,304,659	\$ 99,425	\$ 1,404,084	\$ -	\$ 1,404,084	\$ 1,296,376
Noninstructional	-	-	-	361,672	361,672	312,066
Total Salaries and Wages	1,304,659	99,425	1,404,084	361,672	1,765,756	1,608,442
Payroll Taxes	108,141	8,846	116,987	28,581	145,568	122,222
Employee Benefits	139,929	-	139,929	40,894	180,823	130,203
Accounting Fees	-	-	-	22,380	22,380	21,511
Authorizer Fees	-	-	-	22,985	22,985	27,025
Contracted Services	225,990	100,170	326,160	55,113	381,273	222,529
Operating Lease Expense	-	-	-	-	-	12,011
Repairs and Maintenance	125	-	125	255,671	255,796	342,640
Insurance	-	-	-	20,284	20,284	12,240
Supplies and Materials	295,025	-	295,025	23,784	318,809	120,858
Equipment and Furnishings	-	-	-	-	-	10,296
Staff Development	36,595	-	36,595	7,527	44,122	63,106
Marketing	-	-	-	-	-	374
Information Technology	-	-	-	-	-	51,010
Food Service	-	-	-	-	-	163,707
Student Services	-	-	-	-	-	35,212
Office Expenses	-	-	-	-	-	8,215
Depreciation and Amortization	-	-	-	55,253	55,253	51,690
Amortization on Finance Lease	-	-	-	6,455	6,455	8,796
Interest	-	-	-	51,460	51,460	56,083
Other	22,932	-	22,932	16,709	39,641	19,500
Total Expenses by Function	2,133,396	208,441	2,341,837	968,768	3,310,605	3,087,670
Allocated Expenses:						
Administration	-	-	-	278,711	278,711	255,056
Total Expenses	<u>\$ 2,133,396</u>	<u>\$ 208,441</u>	<u>\$ 2,341,837</u>	<u>\$ 1,247,479</u>	<u>\$ 3,589,316</u>	<u>\$ 3,342,726</u>

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.  
PUPIL REVENUE AND EXPENSE – STELLAR ELEMENTARY  
YEAR ENDED JUNE 30, 2024**

	Total	Per Pupil
<b>REVENUE, SUPPORT, AND GAINS</b>		
State Aid:		
State Per Pupil Aid	\$ 2,322,595	\$ 11,275
State Special Education	59,232	288
Common Fund	57,086	277
Total State Aid	2,438,913	11,839
Federal Aid:		
Title I	235,758	1,144
Title II	12,974	63
Special Education	114,097	554
Child Nutrition	368,318	1,788
ESSER III	583,891	2,834
Total Federal Aid	1,315,038	6,384
Other Revenue:		
Private Grants and Contributions	1,500	7
Other Revenue	1,131	5
Total Other Revenue	2,631	13
Total Revenue	3,756,582	18,236
<b>EXPENSES:</b>		
Instruction	1,992,620	9,673
Instructional Support	418,116	2,030
Administration	44,342	215
Contracted Services	426,638	2,071
Facilities	276,080	1,340
Debt Service	51,460	250
Depreciation and Amortization	61,708	300
Other	39,641	192
Allocated Expenses:		
Administration	278,711	1,353
Total Expenses	3,589,316	17,424
<b>CHANGE IN NET ASSETS</b>	<b>\$ 167,266</b>	

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**STATEMENT OF ACTIVITIES – SOUTH MIDDLE**  
**YEAR ENDED JUNE 30, 2024**  
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Without Donor Restriction	With Donor Restriction	2024 Total	2023 Total
<b>REVENUE, SUPPORT, AND GAINS</b>				
State Aid:				
State Per Pupil Aid	\$ 2,333,870	\$ -	\$ 2,333,870	\$ 1,598,659
State Special Education	-	-	-	10,200
Assessments of Reading Readiness	-	1,767	1,767	-
Total State Aid	<u>2,333,870</u>	<u>1,767</u>	<u>2,335,637</u>	<u>1,608,859</u>
Federal Aid:				
Title I	-	121,548	121,548	135,172
Title II	-	12,974	12,974	14,067
Special Education	-	12,725	12,725	14,254
Child Nutrition	-	-	-	5,495
Education Stabilization	-	-	-	472,318
ESSER III	-	1,061,680	1,061,680	-
Total Federal Aid	<u>-</u>	<u>1,208,927</u>	<u>1,208,927</u>	<u>641,306</u>
Other Revenue:				
Private Grants and Contributions	-	-	-	23,231
Other Revenue	14,346	-	14,346	8,330
Total Other Revenue	<u>14,346</u>	<u>-</u>	<u>14,346</u>	<u>31,561</u>
Released from Restriction	149,165	(149,165)	-	-
Total Revenue, Support, and Gains	<u>2,497,381</u>	<u>1,061,529</u>	<u>3,558,910</u>	<u>2,281,726</u>
<b>EXPENSES AND LOSSES</b>				
Program Services Expense:				
Regular Education	1,647,490	-	1,647,490	1,544,773
Special Education	176,973	-	176,973	67,773
Total Program Services Expense	<u>1,824,463</u>	<u>-</u>	<u>1,824,463</u>	<u>1,612,546</u>
Supporting Services Expense:				
Management and General	1,153,080	-	1,153,080	863,370
Total Supporting Services Expense	<u>1,153,080</u>	<u>-</u>	<u>1,153,080</u>	<u>863,370</u>
Total Expenses and Losses	<u>2,977,543</u>	<u>-</u>	<u>2,977,543</u>	<u>2,475,916</u>
<b>CHANGE IN NET ASSETS</b>	(480,162)	1,061,529	581,367	(194,190)
Net Assets - Beginning of Year	<u>222,895</u>	<u>120,930</u>	<u>343,825</u>	<u>538,015</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ (257,267)</u>	<u>\$ 1,182,459</u>	<u>\$ 925,192</u>	<u>\$ 343,825</u>

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES – SOUTH MIDDLE**  
**YEAR ENDED JUNE 30, 2024**  
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Program Services			Management and General	2024 Total	2023 Total
	Regular Education	Special Education	Total			
Salaries and Wages:						
Instructional	\$ 916,483	\$ 152,043	\$ 1,068,526	\$ -	\$ 1,068,526	\$ 1,047,073
Noninstructional	-	-	-	430,819	430,819	327,497
Total Salaries and Wages	916,483	152,043	1,068,526	430,819	1,499,345	1,374,570
Payroll Taxes	78,804	12,205	91,009	33,322	124,331	100,602
Employee Benefits	103,748	-	103,748	46,170	149,918	84,769
Accounting Fees	-	-	-	20,890	20,890	25,763
Authorizer Fees	-	-	-	23,266	23,266	21,113
Contracted Services	114,848	12,725	127,573	55,077	182,650	41,907
Operating Lease Expense	131,059	-	131,059	-	131,059	129,757
Repairs and Maintenance	35,089	-	35,089	168,236	203,325	151,582
Insurance	-	-	-	19,995	19,995	9,939
Supplies and Materials	198,209	-	198,209	23,750	221,959	60,741
Equipment and Furnishings	-	-	-	-	-	1,829
Staff Development	16,511	-	16,511	2,920	19,431	38,097
Marketing	-	-	-	-	-	306
Information Technology	-	-	-	-	-	67,348
Food Service	-	-	-	-	-	115,559
Student Services	-	-	-	-	-	27,772
Office Expenses	-	-	-	-	-	9,436
Depreciation and Amortization	-	-	-	17,988	17,988	21,723
Amortization on Finance Lease	-	-	-	2,021	2,021	-
Interest	-	-	-	276	276	-
Other	52,739	-	52,739	28,285	81,024	1,264
Total Expenses by Function	1,647,490	176,973	1,824,463	873,015	2,697,478	2,284,077
Allocated Expenses:						
Administration	-	-	-	280,065	280,065	191,839
Total Expenses	<u>\$ 1,647,490</u>	<u>\$ 176,973</u>	<u>\$ 1,824,463</u>	<u>\$ 1,153,080</u>	<u>\$ 2,977,543</u>	<u>\$ 2,475,916</u>

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.  
PUPIL REVENUE AND EXPENSE – SOUTH MIDDLE  
YEAR ENDED JUNE 30, 2024**

	Total	Per Pupil
<b>REVENUE, SUPPORT, AND GAINS</b>		
State Aid:		
State Per Pupil Aid	\$ 2,333,870	\$ 11,275
Assessments of Reading Readiness	1,767	9
Total State Aid	2,335,637	11,283
Federal Aid:		
Title I	121,548	587
Title II	12,974	63
Special Education	12,725	61
ESSER III	1,061,680	5,129
Total Federal Aid	1,208,927	5,840
Other Revenue:		
Other Revenue	14,346	69
Total Other Revenue	14,346	69
Total Revenue	3,558,910	17,193
<b>EXPENSES:</b>		
Instruction	1,478,003	7,140
Instructional Support	501,561	2,423
Administration	35,420	171
Contracted Services	226,806	1,096
Facilities	354,379	1,712
Debt Service	276	1
Depreciation and Amortization	20,009	97
Other	81,024	391
Allocated Expenses:		
Administration	280,065	1,353
Total Expenses	2,977,543	14,384
<b>CHANGE IN NET ASSETS</b>	<b>\$ 581,367</b>	



## INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF CHARTER SCHOOL REVENUES AND EXPENDITURES – SOUTH CAMPUS

Board of Directors and Milwaukee Public Schools  
Milwaukee, Wisconsin

### Opinions

We have audited the accompanying schedule of charter school revenues and expenditures (the schedule) as defined in the contract dated June 24, 2021 between Milwaukee Public Schools (MPS) and Carmen High School of Science and Technology, Inc. for the Carmen South campus (South) for the year ended June 30, 2024, and the related notes to the schedule.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the schedule referred to above, presents fairly, in all material respects, the expenditure and revenue activities of South for the year ended June 30, 2024, in accordance with the financial reporting provisions prescribed or permitted by MPS as described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the schedule referred to in the first paragraph does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of South as of June 30, 2024, or the results of its operations or its cash flows for the year then ended.

### Basis for Opinions

We conducted our audit in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of South 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 unmodified audit opinion on the regulatory basis of accounting and our adverse opinion on U.S. generally accepted accounting principles.

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

As described in Note 1 of the schedule, the schedule is prepared by South on the basis of the financial reporting provisions prescribed or permitted by MPS, 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 MPS contract. The effects on the schedule 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 reasonably determinable, are presumed to be material and pervasive.

### **Responsibilities of Management for the Schedule**

Management is responsible for the preparation and fair presentation of the schedule in accordance with the financial reporting provisions prescribed or permitted by MPS, and for the design, implementation, and maintenance of internal control relevant for the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibilities for the Audit of the Schedule**

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for that 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 schedule.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, 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 schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South'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 evaluating the overall presentation of the schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South's ability to continue as a going concern for a reasonable period of time.

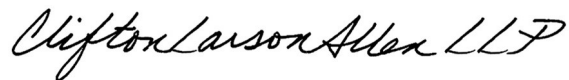
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 our consideration of the Organization’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 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 the Organization’s internal control over financial reporting and compliance.

**Report on the Audit of Financial Statements**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of Carmen High School of Science and Technology, Inc. as of and for the year ended June 30, 2024, and our report thereon, dated November 26, 2024, expressed an unmodified opinion on those financial statements.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
December 12, 2024

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**SCHEDULE OF CHARTER SCHOOL**  
**REVENUES AND EXPENDITURES – SOUTH CAMPUS**  
**YEAR ENDED JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF CHARTER SCHOOL  
REVENUES AND EXPENDITURES – SOUTH CAMPUS)

	Final Budget	Actual	Variance
<b>REVENUE</b>			
MPS Per Pupil Income	\$ 4,621,381	\$ 4,622,085	\$ 704
<b>EXPENSES</b>			
Instruction/Instructional Support Costs			
Salaries	1,792,853	1,113,434	(679,419)
Benefits	337,052	305,419	(31,633)
Purchased Services	364,631	209,517	(155,114)
Supplies	319,160	179,055	(140,105)
Total Expenses - Instructional and Instructional Support	2,813,696	1,807,425	(1,006,271)
Noninstructional Support Costs			
Salaries	700,774	453,336	(247,438)
Benefits	151,175	76,096	(75,079)
Purchased Services	821,640	983,996	162,356
Supplies	98,872	100,210	1,338
Other	35,224	39,043	3,819
Total Expenses - Noninstructional Support	1,807,685	1,652,681	(155,004)
Total Expenses and Losses	4,621,381	3,460,106	(1,161,275)
Revenues in Excess of (Less Than) Expenditures	\$ -	\$ 1,161,979	\$ 1,161,979

See accompanying Notes to Schedule of Charter School Revenues and Expenditures – South Campus.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO SCHEDULE OF CHARTER SCHOOL**  
**REVENUES AND EXPENDITURES – SOUTH CAMPUS**  
**YEAR ENDED JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF CHARTER SCHOOL  
REVENUES AND EXPENDITURES – SOUTH CAMPUS)

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Carmen High School of Science and Technology, Inc. (Organization) is a nonprofit corporation whose purpose is to graduate all students as critical thinkers and self-directed learners prepared for success in college, meaningful careers, community involvement and family life. The Organization was incorporated on March 31, 2006 (South location) and is largely funded through a charter school contract with the Milwaukee Board of School Directors, other government financial assistance and corporate, foundation and individual donations. The Organization added the Northwest location in fall 2013, and the Southeast location in fall 2016.

**Regulatory Basis of Accounting**

The accompanying schedule been prepared in accordance with accounting guidance prescribed or permitted by Milwaukee Public Schools (MPS). This guidance is in accordance with U.S. Generally Accepted Accounting Principles, except for the following:

- The statement of financial position, statement of cash flows, and most of the notes to the financial statements are not required to be presented
- The revenue and expense information reported only includes the activity related to the contract between South and MPS and is an incomplete presentation of South's activities during the year ended June 30, 2024
- The schedule does not present activities classified as with donor restrictions and without donor restrictions
- The schedule is required to include columns for the final budget, and variances between actual and budgeted amounts

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

**Support and Revenue**

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Per pupil income is recognized as performance obligations are met.



## INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF CHARTER SCHOOL REVENUES AND EXPENDITURES – SOUTHEAST CAMPUS

Board of Directors and Milwaukee Public Schools  
Milwaukee, Wisconsin

### Opinions

We have audited the accompanying schedule of charter school revenues and expenditures (the schedule) as defined in the contract dated June 24, 2021 between Milwaukee Public Schools (MPS) and Carmen High School of Science and Technology, Inc. for the Carmen Southeast campus (Southeast) for the year ended June 30, 2024, and the related notes to the schedule.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the schedule referred to above, presents fairly, in all material respects, the expenditure and revenue activities of Southeast for the year ended June 30, 2024, in accordance with the financial reporting provisions prescribed or permitted by MPS as described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the schedule referred to in the first paragraph does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Southeast as of June 30, 2024, or the results of its operations or its cash flows for the year then ended.

### Basis for Opinions

We conducted our audit in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of Southeast 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 unmodified audit opinion on the regulatory basis of accounting and our adverse opinion on U.S. generally accepted accounting principles.

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

As described in Note 1 of the schedule, the schedule is prepared by Southeast on the basis of the financial reporting provisions prescribed or permitted by MPS, 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 MPS contract. The effects on the schedule 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 reasonably determinable, are presumed to be material and pervasive.

### **Responsibilities of Management for the Schedule**

Management is responsible for the preparation and fair presentation of the schedule in accordance with the financial reporting provisions prescribed or permitted by MPS, and for the design, implementation, and maintenance of internal control relevant for the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibilities for the Audit of the Schedule**

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for that 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 schedule.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, 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 schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southeast'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 evaluating the overall presentation of the schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeast's ability to continue as a going concern for a reasonable period of time.

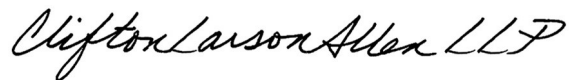
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 our consideration of the Organization’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 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 the Organization’s internal control over financial reporting and compliance.

**Report on the Audit of Financial Statements**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of Carmen High School of Science and Technology, Inc. as of and for the year ended June 30, 2024, and our report thereon, dated November 26, 2024, expressed an unmodified opinion on those financial statements.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
December 12, 2024

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**SCHEDULE OF CHARTER SCHOOL**  
**REVENUES AND EXPENDITURES – SOUTHEAST CAMPUS**  
**YEAR ENDED JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF CHARTER SCHOOL  
REVENUES AND EXPENDITURES – SOUTHEAST CAMPUS)

	Final Budget	Actual	Variance
<b>REVENUE</b>			
MPS Per Pupil Income	\$ 7,796,922	\$ 7,627,095	\$ (169,827)
<b>EXPENSES</b>			
Instruction/Instructional Support Costs			
Salaries	2,209,526	1,931,494	(278,032)
Benefits	460,720	501,749	41,029
Purchased Services	568,404	275,428	(292,976)
Supplies	680,271	389,271	(291,000)
Total Expenses - Instructional and Instructional Support	3,918,921	3,097,942	(820,979)
Noninstructional Support Costs			
Salaries	1,517,591	433,606	(1,083,985)
Benefits	233,562	56,165	(177,397)
Purchased Services	1,811,998	1,639,767	(172,231)
Supplies	240,000	180,949	(59,051)
Other	74,850	66,121	(8,729)
Total Expenses - Noninstructional Support	3,878,001	2,376,608	(1,501,393)
Total Expenses and Losses	7,796,922	5,474,550	(2,322,372)
Revenues in Excess of (Less Than) Expenditures	\$ -	\$ 2,152,545	\$ 2,152,545

See accompanying Notes to Schedule of Charter School Revenues and Expenditures – Southeast Campus.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO SCHEDULE OF CHARTER SCHOOL**  
**REVENUES AND EXPENDITURES – SOUTHEAST CAMPUS**  
**YEAR ENDED JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF CHARTER SCHOOL  
REVENUES AND EXPENDITURES – SOUTHEAST CAMPUS)

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Carmen High School of Science and Technology, Inc. (Organization) is a nonprofit corporation whose purpose is to graduate all students as critical thinkers and self-directed learners prepared for success in college, meaningful careers, community involvement and family life. The Organization was incorporated on March 31, 2006 (South location) and is largely funded through a charter school contract with the Milwaukee Board of School Directors, other government financial assistance and corporate, foundation and individual donations. The Organization added the Northwest location in fall 2013, and the Southeast location in fall 2016.

**Regulatory Basis of Accounting**

The accompanying schedule been prepared in accordance with accounting guidance prescribed or permitted by Milwaukee Public Schools (MPS). This guidance is in accordance with U.S. Generally Accepted Accounting Principles, except for the following:

- The statement of financial position, statement of cash flows, and most of the notes to the financial statements are not required to be presented
- The revenue and expense information reported only includes the activity related to the contract between Southeast and MPS and is an incomplete presentation of Southeast's activities during the year ended June 30, 2024
- The schedule does not present activities classified as with donor restrictions and without donor restrictions
- The schedule is required to include columns for the final budget, and variances between actual and budgeted amounts

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

**Support and Revenue**

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Per pupil income is recognized as performance obligations are met.



## INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF CHARTER SCHOOL REVENUES AND EXPENDITURES – NORTHWEST CAMPUS

Board of Directors and Milwaukee Public Schools  
Milwaukee, Wisconsin

### Opinions

We have audited the accompanying schedule of charter school revenues and expenditures (the schedule) as defined in the contract dated June 24, 2021 between Milwaukee Public Schools (MPS) and Carmen High School of Science and Technology, Inc. for the Carmen Northwest campus (Northwest) for the year ended June 30, 2024, and the related notes to the schedule.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the schedule referred to above, presents fairly, in all material respects, the expenditure and revenue activities of Northwest for the year ended June 30, 2024, in accordance with the financial reporting provisions prescribed or permitted by MPS as described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the schedule referred to in the first paragraph does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Northwest as of June 30, 2024, or the results of its operations or its cash flows for the year then ended.

### Basis for Opinions

We conducted our audit in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of Northwest 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 unmodified audit opinion on the regulatory basis of accounting and our adverse opinion on U.S. generally accepted accounting principles.

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

As described in Note 1 of the schedule, the schedule is prepared by Northwest on the basis of the financial reporting provisions prescribed or permitted by MPS, 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 MPS contract. The effects on the schedule 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 reasonably determinable, are presumed to be material and pervasive.

### **Responsibilities of Management for the Schedule**

Management is responsible for the preparation and fair presentation of the schedule in accordance with the financial reporting provisions prescribed or permitted by MPS, and for the design, implementation, and maintenance of internal control relevant for the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibilities for the Audit of the Schedule**

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for that 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 schedule.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, 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 schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwest'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 evaluating the overall presentation of the schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest's ability to continue as a going concern for a reasonable period of time.

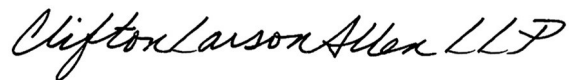
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 our consideration of the Organization’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 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 the Organization’s internal control over financial reporting and compliance.

**Report on the Audit of Financial Statements**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of Carmen High School of Science and Technology, Inc. as of and for the year ended June 30, 2024, and our report thereon, dated November 26, 2024, expressed an unmodified opinion on those financial statements.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
December 12, 2024

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**SCHEDULE OF CHARTER SCHOOL**  
**REVENUES AND EXPENDITURES – NORTHWEST CAMPUS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF CHARTER SCHOOL  
REVENUES AND EXPENDITURES – NORTHWEST CAMPUS)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>			
MPS Per Pupil Income	\$ 6,845,284	\$ 6,511,793	\$ (333,491)
<b>EXPENSES</b>			
Instruction/Instructional Support Costs			
Salaries	2,481,615	2,028,431	(453,184)
Benefits	587,951	384,803	(203,148)
Purchased Services	467,839	515,402	47,563
Supplies	552,885	352,512	(200,373)
Total Expenses - Instructional and Instructional Support	<u>4,090,290</u>	<u>3,281,148</u>	<u>(809,142)</u>
Noninstructional Support Costs			
Salaries	588,171	289,860	(298,311)
Benefits	199,955	63,294	(136,661)
Purchased Services	1,644,903	1,846,615	201,712
Supplies	258,461	192,141	(66,320)
Other	63,504	57,231	(6,273)
Total Expenses - Noninstructional Support	<u>2,754,994</u>	<u>2,449,141</u>	<u>(305,853)</u>
Total Expenses and Losses	<u>6,845,284</u>	<u>5,730,289</u>	<u>(1,114,995)</u>
Revenues in Excess of (Less Than) Expenditures	<u>\$ -</u>	<u>\$ 781,504</u>	<u>\$ 781,504</u>

See accompanying Notes to Schedule of Charter School Revenues and Expenditures – Northwest Campus.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO SCHEDULE OF CHARTER SCHOOL**  
**REVENUES AND EXPENDITURES – NORTHWEST CAMPUS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF CHARTER SCHOOL  
REVENUES AND EXPENDITURES – NORTHWEST CAMPUS)

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Carmen High School of Science and Technology, Inc. (Organization) is a nonprofit corporation whose purpose is to graduate all students as critical thinkers and self-directed learners prepared for success in college, meaningful careers, community involvement and family life. The Organization was incorporated on March 31, 2006 (South location) and is largely funded through a charter school contract with the Milwaukee Board of School Directors, other government financial assistance and corporate, foundation and individual donations. The Organization added the Northwest location in fall 2013, and the Southeast location in fall 2016.

**Regulatory Basis of Accounting**

The accompanying schedule been prepared in accordance with accounting guidance prescribed or permitted by Milwaukee Public Schools (MPS). This guidance is in accordance with U.S. Generally Accepted Accounting Principles, except for the following:

- The statement of financial position, statement of cash flows, and most of the notes to the financial statements are not required to be presented
- The revenue and expense information reported only includes the activity related to the contract between Northwest and MPS and is an incomplete presentation of Northwest's activities during the year ended June 30, 2024
- The schedule does not present activities classified as with donor restrictions and without donor restrictions
- The schedule is required to include columns for the final budget, and variances between actual and budgeted amounts

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

**Support and Revenue**

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Per pupil income is recognized as performance obligations are met.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED JUNE 30, 2024**

Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2023	Cash Received	State and Federal Expenditures	Accrued (Deferred) Revenue 6/30/2024
STATE EXPENDITURES:						
Wisconsin Department of Public Instruction:						
Direct Funding:						
Special Education and School Age Parents	255.101	N/A	\$ -	\$ 59,232	\$ 59,232	\$ -
State School Lunch Aid	255.102	N/A	-	2,873	2,873	-
Charter Schools State Aid	255.109	N/A	-	4,656,465	4,656,465	-
School Based Mental Health	255.297	N/A	-	13,498	13,498	-
Assessment of Reading Readiness Public	255.956	N/A	-	1,918	1,918	-
Total Wisconsin Department of Public Instruction			<u>-</u>	<u>4,733,985</u>	<u>4,733,985</u>	<u>-</u>
Passed Through Milwaukee Public Schools:						
Common School Library Aids	255.103	N/A	<u>(19,100)</u>	<u>-</u>	<u>9,948</u>	<u>(9,152)</u>
			<u>(19,100)</u>	<u>-</u>	<u>9,948</u>	<u>(9,152)</u>
TOTAL STATE EXPENDITURES			<u>\$ (19,100)</u>	<u>\$ 4,733,985</u>	<u>\$ 4,743,933</u>	<u>\$ (9,152)</u>

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2024**

Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2023	Cash Received	State and Federal Expenditures	Accrued (Deferred) Revenue 6/30/2024
<b>FEDERAL EXPENDITURES:</b>						
U.S. Department of Agriculture:						
<i>Child Nutrition Cluster</i>						
Wisconsin Department of Public Instruction:						
Food Service Aid School Breakfast	10.553	2024-408027-DPI-SB-SEVERE-546	\$ 6,461	\$ 107,298	\$ 100,837	\$ -
National School Lunch Program	10.555	2024-408027-DPI-NSL-547 / 2024-	16,542	284,022	267,481	-
National School Lunch Program - Donated Commodities	10.555	408144-DPI-NSL-547	-	14,000	14,000	-
Total US. Department of Agriculture			<u>23,003</u>	<u>405,320</u>	<u>382,317</u>	<u>-</u>
U.S. Department of the Treasury:						
Wisconsin Department of Public Instruction:						
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	41,408	41,408	-
Total US. Department of the Treasury			<u>-</u>	<u>41,408</u>	<u>41,408</u>	<u>-</u>
U.S. Department of Education:						
Wisconsin Department of Public Instruction:						
Title I Grants to Local Educational Agencies:						
Stellar	84.010A	2024-408027-DPI-TI-A-141	120,736	221,714	235,758	134,780
South Middle	84.010A	2024-408027-DPI-TI-A-141	59,861	130,030	121,548	51,378
Pass Through Milwaukee Public Schools	84.010A	2024-408027-DPI-TI-A-141	1,128,331	1,877,366	1,923,653	1,174,619
Total Title I Grants to Local Educational Agencies			<u>1,308,928</u>	<u>2,229,110</u>	<u>2,280,959</u>	<u>1,360,777</u>
Special Education - Grants to States - IDEA:						
Stellar	84.027A	2024-408027-DPI-FLOW-341	101,756	101,756	100,170	100,170
South Middle	84.027A	2024-408027-DPI-FLOW-341	14,254	14,254	12,725	12,725
Pass Through Milwaukee Public Schools	84.027A	2024-408027-DPI-FLOW-341	380,874	380,874	315,555	315,555
Total Special Education - Grants to States - IDEA			<u>496,884</u>	<u>496,884</u>	<u>428,450</u>	<u>428,450</u>
Special Education Preschool Grants:						
Total Special Education (IDEA) Cluster	84.173A	2024-408027-DPI-PRESCH-347	13,690	13,690	13,927	13,927
			<u>510,574</u>	<u>510,574</u>	<u>442,377</u>	<u>442,377</u>
Title III - Strengthening Institutions:						
Passed through CESA #1	84.365A	2024-408027-DPI-TIIIA-391	23,696	23,696	-	-
Passed through Milwaukee Public Schools	84.365A	2024-408027-DPI-TIIIA-391	-	-	11,924	11,924
Total Title III - Strengthening Institutions			<u>23,696</u>	<u>23,696</u>	<u>11,924</u>	<u>11,924</u>

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2024**

Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Accrued (Deferred) Revenue 7/1/2023	Cash Received	State and Federal Expenditures	Accrued (Deferred) Revenue 6/30/2024
Wisconsin Department of Public Instruction (Continued):						
Title II-A Formal Teacher and Principal Training:						
Stellar	84.367A	2024-408027-DPI-TIIA-365	\$ 5,639	\$ 31,587	\$ 25,948	\$ -
South Middle	84.367A		-	-	-	-
Total Title II-A Formal Teacher and Principal Training			<u>5,639</u>	<u>31,587</u>	<u>25,948</u>	<u>-</u>
Title IVA Transfer of AIDS to Title IA:						
Stellar	84.424	2024-408027-DPI-TIVA-381	-	38,522	43,588	5,066
Total Title IVA Transfer of AIDS to Title IA			<u>-</u>	<u>38,522</u>	<u>43,588</u>	<u>5,066</u>
Total Wisconsin Department of Public Instruction			<u>1,848,837</u>	<u>2,833,489</u>	<u>2,804,796</u>	<u>1,820,145</u>
Education Stabilization Funds:						
COVID-19 - Elementary and Secondary School Emergency Relief II:						
Stellar	84.425D	2023-408144-DPI-ESSERFII-163	259,760	259,760	-	-
South Middle	84.425D	2023-408152-DPI-ESSERFII-163	472,318	472,318	-	-
Pass Through Milwaukee Public Schools	84.425D	2023-403169-DPI-ESSERFII-163	6,019,292	6,019,292	-	-
Total COVID-19 - Elementary and Secondary School Emergency Relief II			<u>6,751,370</u>	<u>6,751,370</u>	<u>-</u>	<u>-</u>
COVID-19 - Elementary and Secondary School Emergency Relief III:						
Stellar	84.425D	N/A	-	583,891	583,891	-
South Middle	84.425D	N/A	-	742,555	1,061,680	319,125
Pass Through Milwaukee Public Schools	84.425D	N/A	-	1,608,502	12,313,897	10,705,395
Total COVID-19 - Elementary and Secondary School Emergency Relief III			<u>-</u>	<u>2,934,948</u>	<u>13,959,468</u>	<u>11,024,520</u>
Total Education Stabilization Funds			<u>6,751,370</u>	<u>9,686,318</u>	<u>13,959,468</u>	<u>11,024,520</u>
Total U.S. Department of Education			<u>8,600,207</u>	<u>12,519,806</u>	<u>16,764,264</u>	<u>12,844,665</u>
Federal Communications Commission: Emergency Connectivity Fund Program	32.009	N/A	-	110,238	115,667	5,429
			<u>-</u>	<u>110,238</u>	<u>115,667</u>	<u>5,429</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u>\$ 8,623,210</u>	<u>\$ 13,076,773</u>	<u>\$ 17,303,656</u>	<u>\$ 12,850,094</u>

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal and state awards (the Schedules) includes the federal and state award activity of the Organization under programs of the federal and state government for the year ended June 30, 2024. The information in these schedules are 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), the requirements of the *Wisconsin State Single Audit Guidelines*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements. Because the schedules present only a selected portion of the operations of the Organization, it is not intended to and does not present the net financial position, changes in net assets or cash flows of the Organization. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the schedules.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the Organization in the subsequent year while unearned revenue represents advances for federal and state programs that exceed recorded Organization expenditures.

**NOTE 3 INDIRECT COST RATE**

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 PER PUPIL REVENUE**

The Organization earned \$18,760,972 of revenue from the Non-Instrumentality charter contract. This revenue received from Milwaukee Public Schools could not be confirmed by the funding source as being either federal or state monies and was, therefore, not included in the Schedule. These monies are reflected as fees for service on the statements of activities.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

**NOTE 5 NONCASH AWARDS**

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Public Instruction and transactions relating to this program are included in the Organization's financial statements. Commodities received during the year that are included in the federal expenditures are valued by the federal agency. There are no balances outstanding as of June 30, 2024.



**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  
Carmen High School of Science and Technology, Inc.  
Milwaukee, Wisconsin

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 Carmen High School of Science and Technology, Inc. (a nonprofit organization) (Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors  
Carmen High School of Science and Technology, Inc.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Carmen High School of Science and Technology, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
November 26, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND WISCONSIN STATE SINGLE AUDIT GUIDELINES**

Board of Directors  
Carmen High School of Science and Technology, Inc.  
Milwaukee, Wisconsin

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

***Opinion on Each Major Federal and State Program***

We have audited Carmen High School of Science and Technology, Inc. (Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement and Wisconsin State Single Audit Guidelines* that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended June 30, 2024. The Organization's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 federal and state programs for the year ended June 30, 2024.

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

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

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal and 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 the Organization'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*, the Uniform Guidance and the *Wisconsin State Single Audit Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the *Wisconsin State Single Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization'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 and the *Wisconsin State Single Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

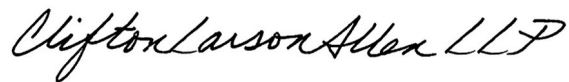
### **Report on Internal Control Over Compliance**

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

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

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

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



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
November 26, 2024

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2024**

**Reference Number: 2023-001**

**Description: Audit Adjustments**

*Criteria:* Statements on Auditing Standards AU §314.41 states it is the responsibility of management to implement proper internal controls to provide reasonable assurance about the achievement of the entity's objectives regarding the reliability of financial reporting.

*Condition:* After fieldwork began, journal entries were provided to prevent the Organization's financial statements from being materially misstated.

*Cause:* Inadequate controls to ensure the proper recording of all of the Organization's financial transactions in accordance with accounting principles generally accepted in the United States of America.

*Effect:* Without the above audit adjustments to the trial balance, the financial statements of the Organization would have been materially misstated for the following reasons:

- The Schedule of Expenditures of Federal awards was increased by approximately \$179,000 and the Schedule of Expenditures of State awards was increased by approximately \$255,000
- Assets were decreased by approximately \$540,000
- Liabilities were decreased by approximately \$540,000
- Revenues were increased by approximately \$229,000
- Expenses were increased by approximately \$229,000

*Status:* This finding has been resolved.

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2024**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with
- 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

**Identification of Major Federal Programs**

**CFDA Number(s)**

84.425D

**Name of Federal Program or Cluster**

Elementary and Secondary School Emergency Relief Fund (ESSER III)

Dollar threshold used to distinguish between Type A and Type B programs:

\$   750,000  

- Auditee qualified as low-risk auditee? \_\_\_\_\_ yes        x   no

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

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**Section I – Summary of Auditors’ Results (Continued)**

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**State Awards**

4. Internal control over major federal programs:

- Material weakness(es) identified?            \_\_\_\_\_ yes              x   no
- Significant deficiency(ies) identified?        \_\_\_\_\_ yes              x   none reported

5. Type of auditors’ report issued on compliance for major federal programs:        Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with

- 2 CFR 200.516(a)?                                \_\_\_\_\_ yes              x   no

**Identification of Major State Programs**

**State ID Number**

**Name of Federal Program or Cluster**

255.109

Charter School State Aid

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 250,000

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**CARMEN HIGH SCHOOL OF SCIENCE AND TECHNOLOGY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

**Other Issues**

- |   |    |
|---|----|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?  | No |
| 2. Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>Wisconsin State Single Audit Guidelines</i> :<br>Department of Public Instruction | No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?   | No |

4. Name and signature of principal

  
\_\_\_\_\_  
Steven C. Johnson, CPA

5. Date of report

November 26, 2024



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