

La Causa Charter School

Schedule of Contract Revenues and Expenditures

June 30, 2024

La Causa Charter School

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Independent Auditors' Report

To the Board of Directors of
La Causa Charter School (a program of La Causa, Inc.)

Opinions

We have audited the accompanying schedule of contract revenues and expenditures (the schedule) of La Causa Charter School (as defined in the contract dated May 26, 2016, between Milwaukee Public Schools (MPS) and La Causa Charter School (the School)), 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 revenues and expenditures of the School for the year ended June 30, 2024, in accordance with the financial reporting provisions prescribed or permitted by MPS as described in Note 2.

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 the School 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 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 (*Government Auditing Standards*). 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 the School 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 2 of the schedule, the schedule is prepared by the School 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 2 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 to 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 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 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 in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School'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 schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
November 26, 2024

La Causa Charter School

Schedule of Contract Revenues and Expenditures
Year Ended June 30, 2024

	Contract Budget	Actual	Variance
Revenues			
MPS Charter School	\$ 6,595,642	\$ 6,516,951	\$ (78,691)
Total Revenues	<u>6,595,642</u>	<u>6,516,951</u>	<u>(78,691)</u>
Expenses - Instructional and Instructional Support			
Salaries	2,153,165	1,885,682	(267,483)
Benefits	662,235	612,460	(49,775)
Purchased services	41,125	26,130	(14,995)
Supplies	47,000	35,078	(11,922)
Total Expenses - Instructional and Instructional Support	<u>2,903,525</u>	<u>2,559,350</u>	<u>(344,175)</u>
Expenses - Non-Instructional Support			
Salaries	635,367	516,987	(118,380)
Benefits	207,069	142,835	(64,234)
Purchased services	2,599,181	1,962,596	(636,585)
Supplies	116,000	83,978	(32,022)
Capital expenses	-	239,743	239,743
Other	134,500	144,935	10,435
Total Expenses - Non-Instructional Support	<u>3,692,117</u>	<u>3,091,074</u>	<u>(601,043)</u>
Total Expenses	<u>6,595,642</u>	<u>5,650,424</u>	<u>(945,218)</u>
Revenues in Excess of Expenditures	<u>\$ -</u>	<u>\$ 866,527</u>	<u>\$ 866,527</u>

See notes to the schedule of contract revenues and expenditures.

La Causa Charter School

Notes to the Schedule of Contract Revenues and Expenditures
June 30, 2024

1. General

La Causa Charter School (the School) is a program of La Causa, Inc. and is not an incorporated entity. The School's activities are presented within the financial statements of La Causa, Inc., which has a December 31 reporting period.

2. Regulatory Basis of Accounting

The School prepared the schedule of contract revenues and expenditures (the schedule) 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 the School and MPS and is an incomplete presentation of the School's activities during fiscal year 2024
- The schedule allows capital expenditures to be presented as expenditures
- The schedule does not present activities classified as with donor restrictions and without donor restrictions

3. Carryover Calculation

The contract with MPS allows the School to carryover funds from one fiscal year to the next. The carryover from fiscal year 2023 is included in MPS Charter School revenue within the contract budget column on the schedule. The School will carryover \$866,527 from 2024.

4. MPS Variances

Per the contract with MPS, no category should have a budget variance of greater than 10% without notifying MPS. During the 2024 fiscal year, the School had seven categories that had a variance that exceeded 10% from the submitted budget to MPS. The School notified MPS to carryover the funds. The categories with a budget variance greater than 10% under budget were: Instructional and Instructional Support Salaries; Instructional and Instructional Support Purchased Services; Instructional and Instructional Support Supplies; Non-Instructional Support Salaries; Non-Instructional Support Benefits; Non-Instructional Support Purchased Services; and Non-Instructional Support Supplies. The expenses were under budget by 12.4%, 36.5%, 25.4%, 18.6%, 31.0%, 24.5% and 27.6%, respectively. Non-Instructional Capital Expenses were over budget by more than 10% as no amount was budgeted.

**Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of the Schedule of Contract
Revenues and Expenditures Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board of Directors of
La Causa Charter School (a program of La Causa, Inc.)

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 schedule of contract revenues and expenditures (the schedule) of La Causa Charter School (the School), for the year ended June 30, 2024, and the related notes to the schedule, 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 schedule, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the schedule, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 schedule will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's schedule is 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 schedule. 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.

Baker Tilly US, LLP

Milwaukee, Wisconsin
November 26, 2024

La Causa Charter School

Schedule of Findings and Questioned Costs
June 30, 2024

There were no findings or questioned costs.

La Causa Charter School

Summary Schedule of Prior Audit Findings
June 30, 2024

The prior year audit disclosed no findings, and therefore, no uncorrected or unresolved findings exist from prior audits.