

Academia de Lenguaje y Bellas Artes (ALBA) Charter School

Financial Statements

For the year ended June 30, 2024

Academia de Lenguaje y Bellas Artes (ALBA)

Financial Statements

For the year ended June 30, 2024

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Independent Auditor's Report

Academia de Lenguaje y Bellas Artes (ALBA) Charter School
School Governance Council
And the Milwaukee Board of School Directors

We have audited the accompanying financial statements of Academia de Lenguaje y Bellas Artes (ALBA) Charter School (a non-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and net assets and cash flows for the year then ended, and the related notes to the financial statements. ALBA is an instrumentality charter school of Milwaukee Public Schools (MPS).

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ALBA as of June 30, 2024, and the results of its operations 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

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of ALBA and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report (continued)

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 ALBA'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt ALBA's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Jendrach Accounting and Professional Services, LLC

Jendrach Accounting and Professional Services, LLC

Greenfield, Wisconsin
January 8, 2025

Academia de Lenguaje y Bellas Artes (ALBA)
Statement of Financial Position
June 30, 2024

		Assets	
Current Assets			
	Cash in Bank	\$	58,344
	Cash on Hand		<u>-</u>
	Total Current Assets		<u>\$ 58,344</u>
	Total Assets		<u><u>\$ 58,344</u></u>
Net Assets - Unrestricted			<u>58,344</u>
	Total Net Assets		<u><u>\$ 58,344</u></u>

The accompanying notes are an integral part of these financial statements.

Academia de Lenguaje y Bellas Artes (ALBA)
Statement of Cash Flows
For the year ended June 30, 2024

Cash Flows From Operating Activities -

Excess Revenue Over or (Under) Expenditures	<u>\$ 10</u>
Net Cash Flow From Operating Activities	10,745
Cash - Beginning of Year	<u>47,599</u>
Cash - End of Year	<u><u>\$ 58,344</u></u>

The accompanying notes are an integral part of these financial statements.

Academia de Lenguaje y Bellas Artes (ALBA) Charter School
Notes to Financial Statements
Year ended June 30, 2024

Note 1. Significant Accounting Policies

The financial statements of ALBA have been prepared in conformity with generally accepted accounting principles as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity – The Milwaukee Board of School Directors (Board) on December 16, 2003, granted the petition of ALBA to operate a Milwaukee Public School (MPS) instrumentality charter school. The Board approved a five-year contract for school years 2019-2020 through 2024-2025 on December 19, 2019.

ALBA operates under Chapter 118.40 of the Wisconsin statutes and its contract with MPS. MPS is the Local Education Agency (LEA) for ALBA and, as such, distributes funds from the district's general, categorical, construction, extension, and grant funds to ALBA. As an MPS instrumentality charter school, the school's financial activities are subject to review by MPS's external auditors and are incorporated into MPS's annual Basic Financial Statements and the MPS Schedule of Federal and State Awards (Single Audit).

Basis of Presentation – ALBA, as an MPS instrumentality charter school, is obligated to account for their funds in a manner consistent with the requirements of MPS. MPS requires that instrumentality charter schools present separate statements for each major fund category, i.e., school operations, categorical, and student activities.

The financial statements of ALBA have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

The financial statements are prepared using the accrual method of accounting. Revenues under all funds are reported as expenditures are incurred, that is, if the school does not spend the money available under either MPS or categorical funds, it is entitled to a budget carryover. Accordingly, ALBA's revenues for these funds are recognized based on recorded expenditures. Revenues related to student activities are recorded when received. Expenditures are recognized when Milwaukee Public Schools incurs a fund liability.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental fund types. Board policy requires that all annual appropriations lapse at fiscal year-end except for encumbrances and carryovers.

Encumbrances are neither included as expenditures nor liabilities in the accompanying financial statements.

Academia de Lenguaje y Bellas Artes (ALBA) Charter School
Notes to Financial Statements
Year ended June 30, 2024

Basis of Presentation – (continued)

For the 2023-2024 school year, \$293,404 of unspent revenue appropriation was available to carry over to the following year.

Note 2. Student Activity Fund

The student activity fund is established to account for funds generated within the school that result from various school activities such as fund-raisers, field trips, and soda sales. These funds are spent at the discretion of the school for activities such as class trips and student clubs. The student activity fund is also used to record receipts and expenditures for various Board funded activities such as cafeteria sales, bus passes, and the purchase of various items that are chargeable to the School Operations Fund. Each MPS school receives a cash advance for the school reimbursement account that provides on-site funds to purchase operating supplies that are subsequently reimbursed by MPS. ALBA has a \$2,000 cash advance from the district.

Note 3. Funding

According to the contract between MPS and ALBA, the actual per pupil allocation rate that ALBA should receive from the General Fund is \$8,582 per pupil.

ALBA is classified as a Title I (high poverty area) school and, as such, receives Title I funds. Title I funds are calculated and distributed to ALBA in the same manner as other MPS schools. If the funds are not spent or if more funds are spent than are distributed, then the excess or deficit funding reverts to the school district. During the 2023-2024 school year, ALBA spent \$298,594 in Title I funds.

ALBA is classified as a Title III (English as a second language) school and, as such, receives Title III funds. Title III funds are calculated and distributed to ALBA in the same manner as other MPS schools. If the funds are not spent or if more funds are spent than are distributed, then the excess or deficit funding reverts to the school district. During the 2023-2024 school year ALBA spent \$19,106 in Title III funds.

ALBA received funds from the Wisconsin DPI Charter School Program. These funds are calculated and distributed to ALBA in the same manner as other MPS schools. If the funds are not spent or if more funds are spent than are distributed, then the excess funding may be carried over to the subsequent fiscal year. During the 2023-2024 school year, ALBA spent \$44,258 in DPI Charter school funds.

Academia de Lenguaje y Bellas Artes (ALBA) Charter School
Notes to Financial Statements
Year ended June 30, 2024

Note 4. Contract Compliance

The contract between ALBA and Milwaukee Public Schools requires compliance with performance and contract requirements. Specifics regarding this issue are detailed in a separate annual performance and compliance report.

Note 5. Tax Status

ALBA is classified as a non-profit organization by the Internal Revenue Service because of its status as a governmental instrumentality.

Note 6. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, January 8, 2025.

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

**Academia de Lenguaje y Bellas Artes (ALBA) Charter School
School Governance Council
and the Milwaukee Board of School Directors**

I have audited the financial statements of Academia de Lenguaje y Bellas Artes (ALBA) Charter School of and for the year ended June 30, 2024, and have issued my report thereon dated January 8, 2025. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Academia de Lenguaje y Bellas Artes (ALBA) Charter School's internal control over financial reporting as a basis for designing my auditing procedures for expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the school's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the school's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the school's financial statements that is more than inconsequential will not be prevented or detected by the school's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I noted no deficiencies in internal control over financial reporting that I consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Academia de Lenguaje y Bellas Artes (ALBA) Charter School's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 (continued)

This report is intended for the information of the Milwaukee Board of School Directors, the School Governance Council, and Wisconsin Department of Public Instruction. However, this report is a matter of public record, and its distribution is not limited.

Jendrach Accounting and Professional Services, LLC

Jendrach Accounting and Professional Services, LLC

Greenfield, Wisconsin
January 8, 2025

Independent Auditor's Report on Supplementary Schedules

**Academia de Lenguaje y Bellas Artes (ALBA) Charter School
School Governance Council
and the Milwaukee Board of School Directors**

I have audited the financial statements of the Academia de Lenguaje y Bellas Artes (ALBA) Charter School as of June 30, 2024 and have issued my report thereon dated January 8, 2025. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit to form an opinion on the basic financial statements of Academia de Lenguaje y Bellas Artes (ALBA) Charter School taken as a whole. The accompanying Schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jendrach Accounting and Professional Services, LLC

Jendrach Accounting and Professional Services, LLC

Greenfield, Wisconsin
January 8, 2025

Independent Auditor's Report on Schedule of Revenue and Expenditures for Instrumentality Charter School

**Academia de Lenguaje y Bellas Artes (ALBA) Charter School
School Governance Council
And the Milwaukee Board of School Directors**

I have audited the accompanying schedule of charter school revenues and expenditures as defined in the contract dated December 19, 2019 between MPS and Academia de Lenguaje y Bellas Artes (ALBA) Charter School for the year ended June 30, 2024. This schedule is the responsibility of Academia de Lenguaje y Bellas Artes (ALBA) Charter School's management. My responsibility is to (1) express an opinion on this schedule based on my audit and (2) express an opinion on Academia de Lenguaje y Bellas Artes (ALBA) Charter School's compliance with the contract requirement that Academia de Lenguaje y Bellas Artes (ALBA) Charter School expend MPS charter school contract revenues consistent with the provisions of the contract and the 2023-2024 charter school operating budget approved by the MPS Division of Diversified Community Schools.

I conducted the audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the schedule of charter school revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of charter school revenues and expenditures. An audit also includes assessing the accounting principles used and significant estimates made by the management of Academia de Lenguaje y Bellas Artes (ALBA) Charter School as well as the management of MPS. I believe that my audit provides a reasonable basis for my opinion.

Governmental Auditing Standards also require that I consider internal controls over financial reporting and compliance with requirements of laws, regulations, contracts, and grants. The management of Academia de Lenguaje y Bellas Artes (ALBA) Charter School is responsible for establishing and maintaining effective internal controls. In planning and performing my audit, I considered Academia de Lenguaje y Bellas Artes (ALBA) Charter School's internal control over compliance with requirements that could have a direct and material effect on the financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the schedule of charter school revenues and expenditures. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving control over financial reporting and its operation that I consider to be material weaknesses.

In my opinion, (1) the schedule of charter school revenues and expenditures referred to above presents fairly, in all material respects, the expenditure and revenue activities of ALBA Charter School for the year ended June 30, 2024 as defined in the contract referred to in the first paragraph and (2) the expenditures reported for the year ended June 30, 2024, comply with the expenditure and annual operating budget requirements as defined in the contract referred to in the first paragraph.

Jendrach Accounting and Professional Services, LLC

Jendrach Accounting and Professional Services, LLC

Greenfield, Wisconsin
January 8, 2025

Academia de Lenguaje y Bellas Artes (ALBA)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

A.	<u>Summary of Auditor's Results</u>	<u>Result</u>
	<u>Financial Statements</u>	
1.	The type of auditor's report issued? (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion).	Unmodified
2.	Internal control over financial reporting:	
	a. Material weaknes(s) identified?	No
	b. Reportable condition(s) identified not considered to be material weaknesses?	No
3.	Does the audit report show material non-compliance?	No
B.	<u>Financial Statement Findings:</u>	<u>No</u>
C.	<u>Federal Award Program Findings and Questioned Costs:</u>	<u>No matters were reported</u>
D.	<u>Other Issues:</u>	
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 non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with Government Auditing Standards?	No
3.	Was a Management Letter issued or other document conveying audit issues as a result of this audit?	No
4.	Name and signature of auditor in charge:	<i>Jason E. Jendrach</i> Jason E. Jendrach, CPA
5.	Date of Report	<u>January 8, 2025</u>

Academia de Lenguaje y Bellas Artes (ALBA)
 Schedule of Prior Year Findings and Questioned Costs
 Year Ended June 30, 2024 (Prior Financial Audit Period)

A.	<u>Summary of Auditor's Results</u>	<u>Result</u>
	<u>Financial Statements</u>	
1.	The type of auditor's report issued? (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion).	Unmodified
2.	Internal control over financial reporting:	
	a. Material weaknes(s) identified?	No
	b. Reportable condition(s) identified not considered to be material weaknesses?	No
3.	Does the audit report show material non-compliance?	No
B.	<u>Financial Statement Findings:</u>	<u>No matters were reported</u>
C.	<u>Federal Award Program Findings and Questioned Costs:</u>	<u>No matters were reported</u>
D.	<u>Other Issues:</u>	
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 non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with Government Auditing Standards?	No
3.	Was a Management Letter issued or other document conveying audit issues as a result of this audit?	No
4.	Name and signature of auditor in charge:	<i>Jason E. Jendrach</i> Jason E. Jendrach, CPA
5.	Date of Report (prior year report)	<u>January 8, 2025</u>

Academia de Lenguaje y Bellas Artes (ALBA)
Schedule of Charter School Revenues and Expenditures for Instrumentality Charter School
Year Ended June 30, 2022

	<u>Contract Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
MPS Charter School	\$ 4,917,649	\$ 5,571,959	\$ (654,310)
Total Revenues	4,917,649	5,571,959	(654,310)
Expenditures - Instructional			
Position Salaries	2,861,023	3,373,983	(512,960)
Benefits for Position Salaries	1,533,478	1,489,135	44,343
Other Wages	14,476	34,157	(19,681)
Benefits for Other Wages	7,758	20,494	(12,736)
Purchased Services	168,696	107,553	61,143
Total Expenditures - Instructional			
Expenditures - Non - Instructional			
Position Salaries	2,861,023	0	2,861,023
Benefits for Position Salaries	1,533,478	1,489,135	44,343
Other Wages	14,476	34,157	(19,681)
Benefits for Other Wages	7,758	20,494	(12,736)
Purchased Services	168,696	107,553	61,143
Total Expenditures - Instructional			
Supplies	326,613	137,387	189,226
Capital Expenses	5,605	-	5,605
Other	-	-	-
Total Expenses	9,503,080	6,814,048	2,689,032
Revenues in Excess of (Less Than) Expenditures	\$ (4,585,431)	\$ (1,242,089)	\$ (3,343,342)