

INTECH COLLEGIATE HIGH SCHOOL

FINANCIAL STATEMENTS

Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Governors
InTech Collegiate High School

Report on the Financial Statements

We have audited the accompanying financial statements of InTech Collegiate High School (the School), which comprise the statement of financial position as of June 30, 2019, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of InTech Collegiate High School as of June 30, 2019 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited InTech Collegiate High School's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019, 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 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 considering the School's internal control over financial reporting and compliance.



Orem, Utah
October 31, 2019

**INTECH COLLEGIATE HIGH SCHOOL
STATEMENT OF FINANCIAL POSITION**

June 30, 2019 with Summarized Comparative Totals for 2018

	2019	2018
Assets:		
Cash and cash equivalents	\$ 434,151	\$ 358,004
Receivables:		
State	20,830	36,980
Federal	2,289	106
Prepaid expenses	23,440	-
Capital assets:		
Leasehold improvements, equipment, and furniture and fixtures, net of accumulated depreciation	<u>629,040</u>	<u>664,548</u>
Total assets	1,109,750	1,059,638
Liabilities:		
Accounts payable	29,167	5,178
Payroll and related benefits payable	85,853	18,799
Unearned revenue:		
Local	-	1,400
State	<u>37,747</u>	<u>35,787</u>
Total liabilities	152,767	61,164
Net Assets Without Donor Restrictions:		
Investment in capital assets	629,040	664,548
Undesignated	<u>327,943</u>	<u>333,926</u>
Total net assets without donor restrictions	<u>\$ 956,983</u>	<u>\$ 998,474</u>

The accompanying notes are an integral part of this financial statement.

**INTECH COLLEGIATE HIGH SCHOOL
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2019 with Summarized Comparative Totals for 2018

	2019	2018
Net Assets Without Donor Restrictions:		
Revenues and support:		
Local:		
Tuitions and fees	\$ 31,035	\$ 43,721
Food sales	13,131	11,509
Earnings on investments	1,150	262
Contributions	23,826	33,128
State	1,520,481	1,601,648
Federal	<u>77,665</u>	<u>83,555</u>
Total revenues and support	1,667,288	1,773,823
Expenses:		
Program services:		
School	1,557,420	1,615,243
Food services	<u>41,998</u>	<u>42,071</u>
Total program services	1,599,418	1,657,314
Supporting services:		
General	105,814	111,961
Fundraising	<u>-</u>	<u>4,810</u>
Total supporting services	<u>105,814</u>	<u>116,771</u>
Total expenses	1,705,232	1,774,085
Loss on disposal of capital assets	<u>3,547</u>	<u>1,692</u>
Total expenses and loss	<u>1,708,779</u>	<u>1,775,777</u>
Change in Net Assets Without Donor Restrictions	(41,491)	(1,954)
Net Assets Without Donor Restrictions at Beginning of Year	<u>998,474</u>	<u>1,000,428</u>
Net Assets Without Donor Restrictions at End of Year	<u><u>\$ 956,983</u></u>	<u><u>\$ 998,474</u></u>

The accompanying notes are an integral part of this financial statement.

**INTECH COLLEGIATE HIGH SCHOOL
STATEMENT OF CASH FLOWS**

Year Ended June 30, 2019 with Summarized Comparative Totals for 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	\$ (41,491)	\$ (1,954)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation of capital assets	47,827	48,114
Loss on disposal of capital assets	3,547	1,692
Changes in operating assets and liabilities:		
Receivables	13,967	(14,962)
Prepaid expenses	(23,440)	-
Accounts payable	23,989	4,440
Payroll and related benefits payable	67,054	18,799
Unearned revenue	560	12,992
Total adjustments	<u>133,504</u>	<u>71,075</u>
Net cash provided by operating activities	92,013	69,121
Cash Flows from Investing Activities:		
Purchases of capital assets	(16,881)	(13,020)
Proceeds from sale of capital assets	<u>1,015</u>	<u>996</u>
Net cash used by investing activities	<u>(15,866)</u>	<u>(12,024)</u>
Net Change in Cash and Cash Equivalents	76,147	57,097
Cash and Cash Equivalents at Beginning of Year	<u>358,004</u>	<u>300,907</u>
Cash and Cash Equivalents at End of Year	<u>\$ 434,151</u>	<u>\$ 358,004</u>
Supplemental Data:		
Interest paid	None	None

The accompanying notes are an integral part of this financial statement.

INTECH COLLEGIATE HIGH SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019 with Summarized Comparative Totals for 2018

	Program Services		Supporting Services		Totals	
	School	Food Services	General	Fundraising	2019	2018
Salaries	\$ 741,567	\$ 7,963	\$ 55	\$ -	\$ 749,585	\$ 764,598
Employee benefits	317,314	1,492	-	-	318,806	308,172
Professional and technical services	28,810	318	53,110	-	82,238	64,038
Purchased property services	244,683	6,360	16,025	-	267,068	304,516
Other purchased services	48,209	23,060	29,915	-	101,184	118,971
Supplies	124,033	1,627	1,603	-	127,263	153,920
Other	9,123	-	2,138	-	11,261	11,756
Depreciation	43,681	1,178	2,968	-	47,827	48,114
Total expenses	<u>\$ 1,557,420</u>	<u>\$ 41,998</u>	<u>\$ 105,814</u>	<u>\$ -</u>	<u>\$ 1,705,232</u>	<u>\$ 1,774,085</u>

The accompanying notes are an integral part of this financial statement.

INTECH COLLEGIATE HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

1. Description of Organization and Summary of Significant Accounting Policies

Organization

InTech Collegiate High School (the School) was incorporated in the state of Utah on June 12, 2007 as a nonprofit organization involved in public education. The School operates a public charter school in North Logan, Utah, and serves students from ninth grade through twelfth grade. The School provides the following program services: *school* (instruction and related services) and *food services*. Supporting services are *general* (Board-related costs and central services) and *fundraising*.

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, capital assets, payables, debt, and other liabilities in accordance with generally accepted accounting principles promulgated in the United States of America for nonprofit organizations. Expenses are recorded when incurred.

Financial Statement Presentation

The School reports information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the School’s management and board of governors.

The School reports a designation of unrestricted net assets to reflect its investment in capital assets. The School uses these capital assets to provide educational services to students. Accordingly, these assets are not considered available for future spending.

- *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Summarized Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School’s financial statements for the year ended June 30, 2018 from which the summarized information was derived.

INTECH COLLEGIATE HIGH SCHOOL NOTES TO FINANCIAL STATEMENTS

Tax Status

The School is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the School are tax deductible to donors under Section 170 of the IRC. The School is not classified as a private foundation.

Cash Equivalents

Cash equivalents are short-term, interest-bearing, highly-liquid investments with maturities of three months or less when acquired. Amounts invested in the Utah Public Treasurers' Investment Fund (PTIF) are classified as cash equivalents (see Note 3).

Accounts Receivable

Accounts receivable are primarily unsecured amounts due from state and federal sources on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full; therefore, no allowance for uncollectible receivables has been provided.

Capital Assets

Capital assets are recorded at cost, if purchased, and at estimated fair value at the date of donation, if donated. Capital assets valued at \$500 or more are capitalized and depreciated, using the straight-line depreciation method, over the estimated useful lives of the assets as follows:

<u>Asset Class</u>	<u>Depreciable Lives (Years)</u>
Leasehold improvements	40
Equipment	5 to 10
Furniture and fixtures	7 to 20

Repairs and maintenance that do not significantly increase the useful life of the asset are charged to expense as incurred.

Capital assets are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Donated Services

No amounts have been reflected in the financial statements for donated services. However, many individuals volunteer their time and perform a variety of tasks that assist the School with specific programs, administration, fundraising, and Board assignments.

INTECH COLLEGIATE HIGH SCHOOL NOTES TO FINANCIAL STATEMENTS

Revenue Recognition

Operating funds for the School are derived principally from federal and state sources. The School receives state funding based on the number of students enrolled in the School. Unrestricted support given by the state is recognized as revenue when received. The School also receives federal and state grants (restricted support) on a reimbursement basis. Accordingly, grant revenue is recognized when qualifying costs are incurred and all other grant performance requirements have been met. Amounts of restricted grants received in excess of qualifying expenditures are recorded as liabilities (unearned revenue).

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted funds first, then unrestricted resources as they are needed.

Federal and state grants are subject to review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the School's management believes that costs ultimately disallowed, if any, would not significantly affect the financial position of the School.

Expense Recognition and Allocation

The cost of providing the School's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions (such as facilities costs, depreciation, and interest expense) have been allocated among the various functions benefited based on direct costs.

General expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the School.

Fundraising costs are charged to expense as incurred, even though they may result in contributions received in future years.

Additionally, advertising costs are charged to expense as incurred and totaled \$23,271 for the year ended June 30, 2019.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The School has implemented the ASU's guidance in the presentation of its 2019 financial statements.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and support and expenses during the reporting

INTECH COLLEGIATE HIGH SCHOOL NOTES TO FINANCIAL STATEMENTS

period. On an ongoing basis, the School's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The School's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Budgetary Information

The School submits a Board-approved annual budget to the Office of the Utah State Auditor in accordance with state requirements. The Board may amend the annual budget prior to year end. The budget is prepared on a modified accrual basis of accounting (the basis of accounting used by governmental funds of a local government). Revenues are budgeted by source and program. Expenditures are budgeted by function, object, and program.

Subsequent Events

Subsequent events have been evaluated through October 31, 2019, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

2. Availability and Liquidity

The following represents the School's financial assets at June 30, 2019:

Financial assets at year end:	
Cash and cash equivalents	\$ 434,151
Receivables:	
State	20,830
Federal	2,289
Total financial assets	<u>457,270</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 457,270</u></u>

The School's goal is generally to maintain financial assets to maintain three months of operating expenses (approximately \$402,000). As part of its liquidity plan, excess cash is invested (see Note 4). The School maintains a revolving line of credit of \$25,000 to cover short-term cash needs (see Note 10). Also, a 30-day cash balance is required by the School's charter agreement.

INTECH COLLEGIATE HIGH SCHOOL NOTES TO FINANCIAL STATEMENTS

3. Fair Value Measurements

The School reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair market hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets to which the School has access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets in markets that are not active.
- Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value if observable inputs are not available.

During 2019, no changes in valuation techniques and related inputs have occurred. Whenever available, the School measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The primary uses of fair value measures in the School's financial statements are as follows:

- Initial measurement of noncash gifts.
- Recurring measurement of investments in the Utah Public Treasurers' Investment Fund (Level 2) (see Note 4).

4. Concentrations of Risk

Cash Deposits

Amounts held in financial institutions are in excess of the Federal Deposit Insurance Corporation limits. The School deposits its cash with high quality financial institutions, and management believes the School is not exposed to significant credit risk on those amounts.

Utah Public Treasurers' Investment Fund

The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Utah State Money Management Act. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State. Participants in the PTIF share proportionally in the income, costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which consists of debt securities held by the State or in the State's name by the State's custodial banks, primarily consisting of corporate bonds and notes. The portfolio has a weighted average maturity of 48 days. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which

INTECH COLLEGIATE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS

reset every three months to prevailing market interest rates. The PTIF has no debt securities with more than 5% of its total investments in a single issuer. The School has \$51,025 invested in the PTIF at June 30, 2019.

Revenue and Support

The majority of the School’s revenue and support comes from the U.S. Department of Education (passed through the Utah State Board of Education) and the state of Utah. Federal and state revenues represented 96% of total revenue and support for the year ended June 30, 2019.

5. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Leasehold improvements	\$ 828,120	\$ -	\$ -	\$ 828,120
Equipment	202,616	11,536	(37,122)	177,030
Furniture and fixtures	58,348	5,345	(730)	62,963
Total capital assets being depreciated	1,089,084	16,881	(37,852)	1,068,113
Accumulated depreciation for:				
Building improvements	(245,795)	(20,703)	-	(266,498)
Equipment	(144,325)	(23,693)	33,138	(134,880)
Furniture and fixtures	(34,416)	(3,431)	152	(37,695)
Total accumulated depreciation	(424,536)	(47,827)	33,290	(439,073)
Total capital assets being depreciated, net	<u>\$ 664,548</u>	<u>\$ (30,946)</u>	<u>\$ (4,562)</u>	<u>\$ 629,040</u>

Depreciation expense of \$47,827 for the year ended June 30, 2019 was allocated to program and supporting services, primarily school program services.

6. Retirement Plans

Defined Benefit Pension Plans

The School participates in the cost-sharing, multiple employer public employees retirement systems administered by the Utah Retirement Systems (the URS). School employees qualify for membership in the URS if employment normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the School as approved by the Utah State Retirement Board.

The URS provides retirement, disability, and death benefits to participants. Retirement benefits are determined from 1.50% to 2.00% of the employee’s highest 3 or 5 years of compensation multiplied by the employee’s years of service; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

INTECH COLLEGIATE HIGH SCHOOL NOTES TO FINANCIAL STATEMENTS

Title 49 of the *Utah Code* grants the authority to establish and amend the benefit terms to the Utah State Retirement Board, whose members are appointed by the Governor. The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

The contribution requirements of the System are authorized by state statute and specified by the Utah State Retirement Board. The School's required contribution rates (actuarially determined) to the URS for the year ended June 30, 2019 ranged from 10.02% to 22.19%.

For the year ended June 30, 2019, the School contributed \$148,732 to the URS. Contributions were paid during the year or shortly thereafter.

Defined Contribution Plans

The School participates in deferred compensation plans – under Internal Revenue Code Sections 401(k) and 457 – to supplement retirement benefits accrued by participants in the URS. During the year ended June 30, 2019, School contributions for participating employees ranged from 1.15% to 10.00% of participant salaries.

Employees can make additional contributions up to applicable plan and Internal Revenue Code limits. For the year ended June 30, 2019, the School contributed \$14,883 and employees contributed \$16,200. Employer and employee contributions were paid during the year or shortly thereafter. School 401(k) contributions and associated earnings are vested during the first four years of employment. Individual accounts are provided for each participant and are available at termination, retirement, death, or unforeseeable emergency.

7. Risk Management

The School is exposed to various risks of loss related to torts, errors and omissions, property, employee health, workers' compensation, and unemployment for which the School carries commercial insurance. For these programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for each of the past three years.

INTECH COLLEGIATE HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS

8. Commitments

During the year ended June 30, 2018, the School entered into a noncancelable operating lease for facilities; the lease expires June 2023. Lease payments totaled \$240,100 for the year ended June 30, 2019. Future minimum lease payments due under the lease are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 239,279
2021	243,359
2022	247,520
2023	<u>251,764</u>
	<u>\$ 981,922</u>

9. Related Party Transactions

One member of the School’s Board of Governors is employed and appointed to the Board by Cache County School District. During the year ended June 30, 2019, the School purchased transportation and food services from the Cache County School District totaling \$25,632.

Two members of the School’s Board of Governors are employed and appointed to the Board by Utah State University. During the year ended June 30, 2019, the School purchased educational services from Utah State University totaling \$650.

10. Line of Credit

The School has a \$25,000 line of credit with a bank. No amounts were outstanding on the line of credit at June 30, 2019. The line of credit is not collateralized and bears an interest rate of prime plus 4%.

11. Student Fall Enrollment

Student fall enrollment is measured on October 1. Fall enrollments for the five most recent counts are summarized as follows:

<u>Year Ended June 30,</u>	<u>October 1 Enrollment</u>
2020	158
2019	148
2018	171
2017	193
2016	197



Independent Auditor's 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 Governors
InTech Collegiate High School

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 InTech Collegiate High School (the School), which comprise the statement of financial position as of June 30, 2019, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the 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 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Orem, Utah
October 31, 2019



Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Board of Governors
InTech Collegiate High School

Report on Compliance

We have audited the compliance of InTech Collegiate High School (the School) with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2019.

- Minimum School Program
- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Open and Public Meetings Act
- Public Treasurer's Bond

Management's Responsibility

Management is responsible for compliance with the state compliance requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the state compliance requirements referred to above.

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 *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the School's compliance with those requirements.

Opinion on Each State Compliance Requirement Tested

In our opinion, InTech Collegiate High School complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement 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 state compliance requirement 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Aguirre & Company, PC

Orem, Utah
October 31, 2019