



FY21 AUDIT SUMMARY

To: Another Choice Virtual Charter School

Overall Audit Comments: It was a very busy year for the School financially with all the new federal grants and the new fund that was added to your budget (Coronavirus Relief Fund). As usual, Ross did an excellent job of having the books and records in good shape for the audit and setting up the new fund and new accounts.

Finances

Auditor’s Report (pages 1-3): Unmodified opinion (best possible, i.e. “clean”) with qualification on GASB 75 OPEB health insurance implicit rate subsidy issue – same as last year.

Fund Finance Analysis (page 8):

Fund Name	Increase (Decrease)	Ending Fund Balance	Comments
General	(\$440,099)	\$982,615	Large decrease due to a reduction in state funding for prior year ISEE reporting discrepancies. The School has made adjustments to make sure those discrepancies don’t happen in the future. Although we showed a big loss for FY21, we did have prior year fund balance carryforward that was able to absorb the loss. The ending fund balance / carryover is about a 3-month operating reserve which is still on the high-end of our 1½ - 3-month recommendation.
Other Governmental	\$0	\$4,109	These are the School’s special revenue funds (i.e. Substance Abuse, Title I-A, etc.) All these funds are performing as they should.

Internal Control Over Financial Reporting and Compliance

Auditor’s Report (pages 27-28): No *internal control over financial reporting* or *compliance* findings are reported.

Other Recommendations or Comments

Upcoming Accounting Standards

GASB 87 Leases: Effective FY22 (6/30/22). This new GASB requires that all material leases (normally

anything larger than a copier lease) which are also long-term (that extend beyond one year) be subject to complex accounting, financial reporting, and disclosure requirements. In summary, these leases now require recording intangible assets and lease liabilities in addition to a number of new disclosures relating to the lease arrangements. We recommend that you be aware of this new GASB and the related work and cost that will be required to account for, report, and audit leases in the future or for any leases that may still exist at the implementation date of this standard. Obviously, these complications and costs can be avoided if the leases either don't exist or have been paid off by the implementation date (i.e. 6/30/22).

Thank you for having us perform your audit and please contact us should you have any questions.

Dan Coleman, CPA

Quest CPAs PLLC