SHARPE PATEL CPA

CASA ESPERANZA MONTESSORI, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2024

CASA ESPERANZA MONTESSORI, INC.
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June 30, 2024

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FINANCIAL SECTION

SHARPE PATEL CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Casa Esperanza Montessori, Inc.
Raleigh, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Casa Esperanza Montessori, Inc. as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Casa Esperanza Montessori, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Casa Esperanza Montessori, Inc., as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Casa Esperanza Montessori, Inc. 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 opinions.

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 Casa Esperanza Montessori, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our opinions. 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 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 generally accepted auditing standards 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 Casa Esperanza Montessori, Inc.'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 Casa Esperanza Montessori, Inc.'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Casa Esperanza Montessori, Inc.'s basic financial statements. The accompanying budgetary schedules as well as the accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act., are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic 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 October 7, 2024, on our consideration of Casa Esperanza Montessori, Inc.'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 Casa Esperanza Montessori, Inc.'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 Casa Esperanza Montessori, Inc.'s internal control over financial reporting and compliance.

Raleigh, North Carolina

October 7, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
Casa Esperanza Montessori, Inc.
June 30, 2024

As management of Casa Esperanza Montessori, Inc. (the School), we offer readers of the School's audited financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements which follow this narrative.

Financial Highlights

- The School's net position increased by $371,396 in fiscal year 2024 primarily due to an increase in enrollment over the prior fiscal year and containment of operating expenses.

- Total net position stood at -$794,332 due to liabilities of $22,285,560 exceeding its assets of $21,491,228.

- Enrollment at the School remains strong with 660 charter school students enrolled as of the September 2023 count date versus 613 at the same point in the prior year. Additionally, the School's preschool and half-day programs were also well-attended with 23 students compared to 25 in the prior year.

- The School made its second principal repayment of $260,000 on the debt associated with its new facility in Wake Forest, North Carolina, reducing the principal balance to $21,105,000.

- The School's State and local government funding increased from $6,322,936 to $7,028,758 from 2023 to 2024 due to the increased enrollment previously described and an increase in per pupil funding of approximately 3%.

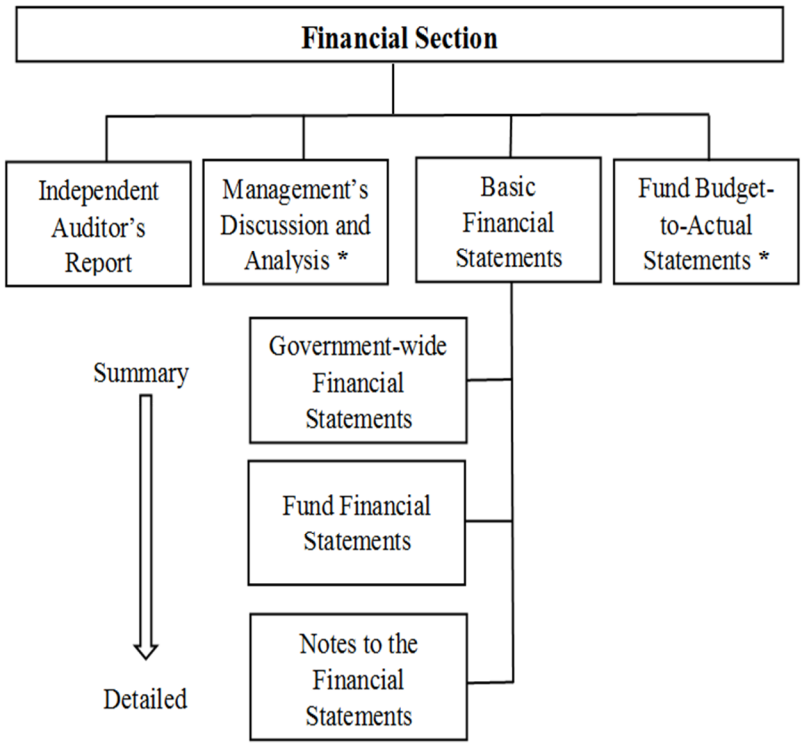
- As a result of the additional funding, the School was able to increase its expenditures for instructional programs from $5,306,096 to $6,237,351.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to The School's basic financial statements. The school's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of the government-wide statements and the fund financial statements. In addition to the basic financial statements, the annual financial report contains the independent auditor's report, certain required supplementary information and other required schedules that provide additional information to enhance the reader's understanding of the financial position and activities of the School.

The chart in Figure 1 outlines the relationships of the components of the annual financial report.

Components of Annual Financial Report



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short- and long-term information about the School's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the school's government and are more detailed than the government-wide financial statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

Immediately following the fund financial statements are the **Notes to the Financial Statements** (i.e., "Notes"). The Notes offer a detailed explanation of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the School's individual funds. Budgetary information for the School can also be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the school's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short and long-term information about the school's financial status as a whole.

The two government-wide statements report the school's net position and how it has changed. Net position is the difference between the School's total assets and total liabilities. Measuring net position is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities, and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. State, county, and federal funds provide most of the funding for these functions. The business-type activities are those services for which the school charges its students and other customers. This includes the the School's preschool and after school programs.

The government-wide financial statements are enumerated in Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements, such as the North Carolina General Statutes or the School's budget ordinance. All of the funds of the School can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most of the

School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies remaining at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view to help determine if there has been an increase or a decrease in the financial resources available to finance the school's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is an integral part of the fund financial statements.

The School adopts an annual budget for each of its funds, although it is not required to do so by the General Statutes. Since the budget is not required by law, the budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedules that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the board of directors of the School in determining which activities will be pursued and which services the school will provide during the year. It also authorizes the School to obtain funds from identified sources to finance these current period activities. The budgetary statement demonstrates how well the school has complied with the budget ordinance and whether the school has succeeded in providing the services as originally planned.

Proprietary Funds – The School has one proprietary fund, which is an enterprise fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School uses enterprise funds to account for its preschool and before and after school childcare functions.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The liabilities of the School exceeded its assets by -$794,332. This net position total was favorable to the previous year's total of -$1,165,728. The negative net position is not unexpected and resulted from the board's decision to relocate the school facilities and incur $21,610,000 of bond financing for the acquisition and construction of the School's property and facilities. The net position can be further analyzed in three components:

- Net investment in capital assets totaled -$7,239,811 and reflects the school's investment in capital assets (e.g., land, building improvements, and furniture and equipment), net of depreciation and less any related debt still outstanding that was issued to acquire those items. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although The School's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The net position amount is determined by subtracting $21,365,000 of bonds payable from the capital asset balance of $13,865,189.

- Restricted net position totaled $3,316,228 and is set aside for debt service reserves and repayments.

- Unrestricted net position of $3,129,251 comprises the remaining portion of total net position and results from the School operating within its budget over time and ensuring that operating revenues supporting school operations exceed expenditures.

Figure 2

Casa Esperanza Montessori, Inc.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current Assets	$ 5,361,539	$ 5,375,218	$1,332,459	$1,051,069	$ 6,693,998	$ 6,426,287
Right-of-Use Asset	932,041	1,379,420			932,041	1,379,420
Capital Assets, net	13,865,189	14,011,304			13,865,189	14,011,304
Total assets	20,158,769	20,765,942	1,332,459	1,051,069	21,491,228	21,817,011
Liabilities						
Current Liabilities	146,472	141,177	-	-	146,472	141,177
Long-term Liabilities	22,139,088	22,841,562	-	-	22,139,088	22,841,562
Total Liabilities	22,285,560	22,982,739	-	-	22,285,560	22,982,739
Net Position						
Net Invest. in Cap. Assets	(7,239,811)	(7,353,696)	-	-	(7,239,811)	(7,353,696)
Restricted	3,316,228	3,710,953	-	-	3,316,228	3,710,953
Unrestricted	$ 1,796,792	$ 1,425,946	$1,332,459	$1,051,069	$ 3,129,251	$ 2,477,015
Total Net Position	$(2,126,791)	$ (2,216,797)	$1,332,459	$1,051,069	$ (794,332)	$ (1,165,728)

Several aspects of the School's financial operations positively influenced the total unrestricted governmental net assets:

- The school adopted an annual budget. The school's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.

- The school applied for and was awarded several federal grants to assist with meeting the educational needs of the student population.

- The School's State and local government funding increased from $6,322,936 to $7,028,758 from 2023 to 2024 due to the increased enrollment previously described and an increase in per pupil funding of around 3%.

Figure 3

Casa Esperanza Montessori, Inc.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Charges for Services	$ 544,961	$ -	$ 534,413	$ 534,322	$ 1,079,374	$ 534,322
Operating Grants & Contributions	276,919	416,472			276,919	416,472
County & State Funds	7,028,758	6,322,936			7,028,758	6,322,936
Donations and Other Revenues	451,474	225,733			451,474	225,733
Total Revenue	8,302,112	6,965,141	534,413	534,322	8,836,525	7,499,463
Instructional Programs	6,237,351	5,306,096			6,237,351	5,306,096
Support Services	1,117,642	1,091,189			1,117,642	1,091,189
Bond & Loan Issuance Costs	-	-			-	-
Interest on Long-term Debt	1,008,440	1,102,633			1,008,440	1,102,633
Preschool & After Care			101,696	105,426	101,696	105,426
Total Expenses	8,363,433	7,499,918	101,696	105,426	8,465,129	7,605,344
Transfers	232,173	539,904	(232,173)	(539,904)	-	-
Change in Net Position	$ 170,852	$ 5,127	$ 200,544	$ (111,008)	$ 371,396	$ (105,881)
Beginning Net Position	$ (2,216,797)	$ (2,221,924)	$ 1,051,069	$ 1,162,077	(1,165,728)	(1,059,847)
Restatement	(80,846)	-	80,846	-	-	-
Beginning Net Position, restated	$ (2,297,643)	$ (2,221,924)	$ 1,131,915	$ 1,162,077	(1,165,728)	(1,059,847)
Ending Net Position	$ (2,126,791)	$ (2,216,797)	$ 1,332,459	$ 1,051,069	$ (794,332)	$ (1,165,728)

Governmental activities. Governmental activities increased the school's net position by $170,852 with operating revenues and transfers of $8,534,285 slightly exceeding operating expenses of $ $8,363,433.

Business-type activities. Business-type activities produced net income of $432,717, enabling a transfer of $232,173 to improve the governmental activities net position described in the previous paragraph.

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing the School's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the General Fund balance was $5,298,426, comprised of unassigned funds of $1,838,758; funds restricted for debt service payments of $3,316,228; and $143,440 of non-spendable funds set aside for prepaid expenses and a security deposit.

Proprietary Funds. The school's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The unrestricted net position of the Preschool and After School Care Fund at the end of the fiscal year amounted to $1,332,459. Other factors concerning the finances of this fund have already been addressed in the discussion of the school's business-type activities.

Right-to-Use Leased Asset and Lease Liability
The School recorded a right-of-use leased asset and related lease liability for its leased facility as a result of implementing GASB 87 in fiscal year 2022. The right-of-use leased asset's value of $2,274,178 is recorded net of $1,342,137 of amortization for a book value of $932,041. The offsetting lease liability of $1,085,653 will be fully amortized in July 2026.

Capital Asset and Debt Administration

Capital assets. The School's investment in capital assets as of June 30, 2024, totaled $14,011,304, net of accumulated depreciation. Capital assets include land, construction in progress, buildings and improvements, and furniture and equipment as shown in the table below.

Figure 4

Casa Esperanza Montessori, Inc.

Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 1,517,998	$ 1,517,998	$ -		$ 1,517,998	$ 1,517,998
Construction in Progress	-	-	-		-	-
Building	12,222,292	12,337,094	-	-	12,222,292	12,337,094
Instructional Equipment	90,305	113,279	-		90,305	113,279
Leasehold Improvements	34,596	42,933	-	-	34,596	42,933
Total	$ 13,865,191	$ 14,011,304	$ -	$ -	$ 13,865,191	$ 14,011,304

Additional information about the school's capital assets can be found in Note 2.A.4 of the basic financial statements.

Long-term Debt. As of June 30, 2024, the School had total long-term obligations outstanding of $22,841,562. The changes in these obligations and balance as of June 30, 2024, are shown in the table below:

Figure 5

Casa Esperanza Montessori, Inc.

Long-Term Obligations

Long-Term Obligations	Balance 6/30/23	Increases	Decreases	Balance 6/30/24	*Current Portion*
Bonds Payable	$ 21,365,000	$ -	$ 260,000	$ 21,105,000	*$ 275,000*
Lease Liability	1,476,562	-	442,474	$ 1,034,088	*476,892*
Total	**$ 22,841,562**	**$ -**	**$ 702,474**	**$ 22,139,088**	***$ 751,892***

Economic Factors

The following key economic indicators reflect the financial health of the school:

- The board's decision to relocate the School to a new campus with purpose-built classroom facilities, ample parking, improved pick-up and drop-off access for students, and large outdoor learning and recreation spaces, has continued to generate new interest in the School which bodes well for future enrollment.

- The School has benefitted from increased State and local government per pupil funding fueled by the positive environment for school choice in North Carolina.

Requests for Information

This report is designed to provide an overview of the school's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Board Chair, Casa Esperanza Montessori, Inc., 10510 Star Road, Wake Forest, NC 27587, telephone (919) 855-9811.

BASIC FINANCIAL STATEMENTS

CASA ESPERANZA MONTESSORI, INC. **Exhibit 1**
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,689,000	$ 1,332,459	$ 3,021,459
Restricted cash and cash equivalents	3,316,228	-	3,316,228
Accounts receivable	3,994	-	3,994
Due from other governments	208,877	-	208,877
Prepaid expenses	53,440	-	53,440
Security deposit	90,000	-	90,000
Total current assets	5,361,539	1,332,459	6,693,998
Non-current assets:			
Right of use assets, net	932,041	-	932,041
Capital assets (Note 1):			
Land	1,517,997	-	1,517,997
Other capital assets, net of depreciation	12,347,192	-	12,347,192
Total capital assets	13,865,189	-	13,865,189
Total non-current assets	14,797,230	-	14,797,230
Total assets	20,158,769	1,332,459	21,491,228
LIABILITIES			
Accounts payable	63,113	-	63,113
Accrued interest	83,359	-	83,359
Long-term liabilities:			
Due within one year	751,892	-	751,892
Due in more than one year	21,387,196	-	21,387,196
Total liabilities	22,285,560	-	22,285,560
NET POSITION			
Net investment in capital assets	(7,239,811)	-	(7,239,811)
Restricted	3,316,228	-	3,316,228
Unrestricted	1,796,792	1,332,459	3,129,251
Total net position	$ (2,126,791)	$ 1,332,459	$ (794,332)

The notes to the financial statements are an integral part of these statements.

CASA ESPERANZA MONTESSORI, INC. **Exhibit 2**
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:						
Governmental activities:						
Instructional services	$ 6,237,351	$ 5,893	$ 276,919	$ (5,954,539)	$ -	$ (5,954,539)
Support services	1,117,642	539,068	-	(578,574)	-	(578,574)
Interest on long-term debt	1,008,440	-	-	(1,008,440)	-	(1,008,440)
Total governmental activities	8,363,433	544,961	276,919	(7,541,553)	-	(7,541,553)
Business-type activities:						
Preschool	101,696	534,413	-	-	432,717	432,717
Total business-type activities	101,696	534,413	-	-	432,717	432,717
Total primary government	$ 8,465,129	$ 1,079,374	$ 276,919	(7,541,553)	432,717	(7,108,836)
General revenues:						
Unrestricted county appropriations				2,268,331	-	2,268,331
Unrestricted State appropriations				4,760,427	-	4,760,427
Contributions and donations				592	-	592
Interest earnings				208,097	-	208,097
Miscellaneous				242,785	-	242,785
Transfers				232,173	(232,173)	-
Total general revenues and transfers				7,712,405	(232,173)	7,480,232
Change in net position				170,852	200,544	371,396
Beginning net position, as previously stated				(2,216,797)	1,051,069	(1,165,728)
Restatement				(80,846)	80,846	-
Beginning net position, as restated				(2,297,643)	1,131,915	(1,165,728)
Ending net position				$ (2,126,791)	$ 1,332,459	$ (794,332)

The notes to the financial statements are an integral part of these statements.

CASA ESPERANZA MONTESSORI, INC. **Exhibit 3**
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2024

	Major Funds			Non-Major Fund	
	General	State Public School	Capital Projects	Federal Grants Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,689,000	$ -	$ -	$ -	$ 1,689,000
Restricted cash and cash equivalents	3,316,228	-	-	-	3,316,228
Accounts receivable	3,994	-	-	-	3,994
Due from other governments	208,877	-	-	-	208,877
Prepaid expenses	53,440	-	-	-	53,440
Security deposit	90,000	-	-	-	90,000
Total assets	$ 5,361,539	$ -	$ -	$ -	$ 5,361,539
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 63,113	$ -	$ -	$ -	$ 63,113
Total liabilities	63,113	-	-	-	63,113
Fund balances:					
Nonspendable:					
Prepaid expenses	53,440	-	-	-	53,440
Security deposit	90,000	-	-	-	90,000
Restricted:					
Bonds	3,316,228	-	-	-	3,316,228
Unassigned	1,838,758	-	-	-	1,838,758
Total fund balances	5,298,426	-	-	-	5,298,426
Total liabilities and fund balances	$ 5,361,539	$ -	$ -	$ -	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the	13,865,189
Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the	932,041
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest	(83,359)
Long-term debt	(22,139,088)
Net position of governmental activities	$ (2,126,791)

The notes to the financial statements are an integral part of these statements.

CASA ESPERANZA MONTESSORI, INC. **Exhibit 4**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	Major Funds			Non-Major Fund	
	General	State Public School	Capital Projects	Federal Grants Fund	Total Governmental Funds
REVENUES					
State of North Carolina	$ -	$ 4,760,427	$ -	$ -	$ 4,760,427
Boards of Education	2,268,331	-	-	-	2,268,331
U.S. Government	-	-	-	276,919	276,919
Contributions and donations	592	-	-	-	592
Field trip and student fees	5,893	-	-	-	5,893
Lease revenue	539,068		-		539,068
Investment earnings	208,097	-	-	-	208,097
Miscellaneous	242,783	-	-	-	242,783
Total revenues	3,264,764	4,760,427	-	276,919	8,302,110
EXPENDITURES					
Instructional services	1,074,527	4,099,873	-	276,919	5,451,319
Support services	875,905	650,003	-	-	1,525,908
Capital outlay	216,193	10,551	-	-	226,744
Debt service:					
Principal	260,000	-	-	-	260,000
Interest	1,014,938	-	-	-	1,014,938
Total expenditures	3,441,563	4,760,427	-	276,919	8,478,909
Excess (deficiency) of revenues over expenditures	(176,799)	-	-	-	(176,799)
					-
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	232,173	-	-	-	232,173
Total other financing sources (uses)	232,173	-	-	-	232,173
Net change in fund balance	55,374	-	-	-	55,374
Beginning fund balance, as previously stated	5,323,898	-	-	-	5,323,898
Restatement	(80,846)	-	-	-	(80,846)
Fund balance, beginning, as restated	5,243,052	-	-	-	5,243,052
Ending fund balance	$ 5,298,426	$ -	$ -	$ -	$ 5,298,426

The notes to the financial statements are an integral part of these statements.

CASA ESPERANZA MONTESSORI, INC. **Exhibit 5**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balance - total governmental funds	$ 55,374
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(146,114)
Right of use lease assets capital outlay expenditures which were capitalized, net of amortization.	(447,380)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	702,474
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued interest	6,498
Total changes in net position of governmental activities	$ 170,852

The notes to the financial statements are an integral part of these statements.

CASA ESPERANZA MONTESSORI, INC. **Exhibit 6**
Statement of Net Position
Proprietary Fund
June 30, 2024

	Enterprise Fund Major Fund Preschool
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,332,459
Total assets	$ 1,332,459
LIABILITIES	
Current liabilities:	
Accounts payable	$ -
Total liabilities	-
NET POSITION	
Unrestricted	1,332,459
Total net position	$ 1,332,459

The notes to the financial statements are an integral part of these statements.

CASA ESPERANZA MONTESSORI, INC. **Exhibit 7**
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	Enterprise Fund Major Fund Preschool
OPERATING REVENUES	
Child care fees	$ 534,413
Total operating revenues	534,413
OPERATING EXPENSES	
Salaries and benefits	100,652
Other expenses	1,044
Total operating expenses	101,696
Operating income (loss)	432,717
NONOPERATING REVENUES	
Transfers to other funds	(232,173)
Total nonoperating revenues	(232,173)
Change in net position	200,544
Net position, beginning, as previously stated	1,051,069
Restatement	80,846
Net position, beginning, as restated	1,131,915
Net position, ending	$ 1,332,459

The notes to the financial statements are an integral part of these statements.

CASA ESPERANZA MONTESSORI, INC. **Exhibit 8**
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2024

	Enterprise Fund Major Fund Preschool
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 534,413
Cash paid to employees for services	(100,652)
Cash paid for goods and services	(1,044)
Net cash provided (used) by operating activities	432,717
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to/from other funds	(151,327)
Net cash provided (used) by noncapital financing activities	(151,327)
Net increase (decrease) in cash and cash equivalents	281,390
Balances - beginning of year	1,051,069
Balances - end of year	$ 1,332,459
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 432,717
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in due to / due from other funds	-
Net cash provided (used) by operating activities	$ 432,717

The notes to the financial statements are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Casa Esperanza Montessori, Inc. (the "School") conform to generally accepted accounting principles ("GAAP") as applicable to governments. Charter schools are established by non-profit entities, such as the School. Because of the authority of the State Board of Education (the "SBE") to terminate, not renew or seek applicants to assume a charter on grounds set out in the North Carolina General Statutes at G.S. 115C-218.95 with all net assets purchased with public funds reverting to a local education agency (G.S. 115C-218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies.

A) Reporting Entity

The School is a North Carolina non-profit corporation incorporated in February 2001. Pursuant to the provisions of the Charter School Act of 1996 as amended (the "Act"), Casa Esperanza Montessori, Inc. has been approved to operate Casa Esperanza Montessori School, a public school serving approximately 660 students. The School operates under an approved charter received from the SBE and applied for under the provisions of G.S. 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA), and requires the financial statements to be prepared in accordance with GAAP. The current charter is effective until June 30, 2027 and may be renewed for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applies in which case the SBE may renew the charter for a shorter period or not renew the charter. Management believes that the charter will be renewed in the ordinary course of business.

The School has been recognized by the Internal Revenue Service as exempt from Federal income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Blended Component Unit: Casa Esperanza Holding, LLC ("LLC") was formed in October 2020 as a North Carolina non-profit corporation. The LLC was created primarily as a vehicle to finance and own real estate and school facilities utilized by the School. GASB Statement No. 14 as amended, The Financial Reporting Entity, requires blending when 1) a component unit's governing body is substantively the same as the governing body of the primary government, 2) a component unit provides services entirely, or almost entirely, to the primary government, 3) a component unit's total debt outstanding, including leases, is expected to be repaid entirely, or almost entirely, with resources of the component unit. The LLC provides services almost entirely to the School, including owning real property to be leased to the School. Therefore, the LLC is reported as a blended component unit included in the general fund in the School's financial statements. The LLC did not issue separate financial statements.

B) Basis of Presentation

In accordance with GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments ("GASB 34"), the School is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general purpose governments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) Basis of Presentation (Continued)

***Government-wide Statements*:** The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the School. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the School and for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

***Fund Financial Statements*:** The fund financial statements provide information about the School's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The School reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

State Public School Fund: The State Public School Fund includes appropriations from the Department of Public Instruction for current operating needs of the School and is reported as a special revenue fund.

The School reports the following non-major governmental funds:

Federal Grants Fund: The Federal Grants Fund includes appropriations from various Federal agencies that are pass thru from the Department of Public Instruction for current operating needs of the School and is reported as a special revenue fund.

The School reports the following major enterprise fund:

Preschool Fund: The Preschool Fund is used to account for the activity of the pre-kindergarten program, the before and after school care program, and the inter-sessional care program.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

D) Budgetary Data

Annual budgets are adopted for all funds, on a School wide basis. All budgets are prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations, for all of the School's funds, based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary. The budget presented in the supplementary information represents the budget of the School at June 30, 2024. All appropriations lapse at year end.

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the School are made in local banks, whose accounts are FDIC insured. Also, the School may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

2. Cash and Cash Equivalents

The School pools money from several funds to facilitate disbursement and investment and to maximize investment income. All cash and investments with original maturities of three months or less are considered cash and cash equivalents. The School had cash equivalents of $3,316,228 at June 30, 2024.

3. Restricted Cash and Cash Equivalents

The unexpended loan proceeds of the School's bond agreement and amounts restricted for repairs and replacements and other amounts are classified as restricted cash and cash equivalents within the School's capital projects fund because its use is completely restricted to the purpose for which the bonds were originally issued.

4. Accounts Receivable

Accounts receivable consist of amounts owed to the School from local school boards and employees. The School has reviewed the receivable balances and determined the amounts to be fully collectible.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

6. Security Deposit

Payments made by the School in accordance with its facility lease agreement reflect amounts applicable to a future accounting period and are recorded as security deposits.

7. Capital Assets

The School's donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than $5,000 with an estimated useful life of three or more years. In addition, other items which are purchased and used in large quantities such as student desks and office furniture are capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. All depreciable assets are depreciated using the straight-line method of depreciation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

7. Capital Assets (Continued)

Capital assets are depreciated over the following estimated useful lives:

	Years
Leasehold improvements	5-15
Instructional equipment	5-7
Building	39

8. Right to use lease assets

The School has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has no items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has no items that meet this criterion.

10. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Compensated Absences

The School does not pay out any employee's unused personal time upon termination of employment and as such no liability has been recorded for compensated absences as of year-end.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

12. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of three classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid Items – Portion of fund balance that is not an available resource because it represents the year-end balance of prepaid operational expenses on goods and services which is not a spendable resource.

Security Deposit – Portion of fund balance not available for appropriation because it represents the year-end balance of a security deposit on the school facility, which is not an expendable, available resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Bonds – Portion of fund balance that is restricted by the requirements of the School's bond agreement.

Unassigned Fund Balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the General Fund.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The finance officer has the authority to deviate from this policy if it is in the best interest of the School.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) Assets, Liabilities, Deferred Outflows and Inflows of Resources and Fund Equity (Continued)

13. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between governmental funds' total fund balance and governmental activities' net position as reported in the government-wide statement of net position. The net adjustment of ($7,425,217) consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column).	$ 14,946,351
Less accumulated depreciation	(1,081,162)
Net capital assets	13,865,189
Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,274,178
Less accumulated amortization	(1,342,137)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds payable	(21,105,000)
Lease liability	(1,034,088)
Accrued interest	(83,359)
Total adjustment	$ (7,425,217)

F) Revenues, Expenditures, and Expenses

1. Funding

The School is funded by the SBE, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the School is located (i.e. Wake County Board of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-238.29H(a)].

Subject to certain limitations, funds allocated by the SBE may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations. (G.S. 115C-218.105(b)).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) Revenues, Expenditures, and Expenses (Continued)

1. Funding (Continued)

Additionally, the School receives for each student an amount equal to the per pupil share of the local current expense fund of the local school administrative unit in which the child resides. [G.S. 115C-218.105(c)]. Amounts transferred that consist of revenue from supplemental taxes shall be transferred only to a charter school located in the district where the taxes are levied and the child resides.

For the fiscal year ended June 30, 2024, the School received funding from the Boards of Education for Wake ($2,058,165), Durham ($73,645), Johnston ($21,632), Franklin ($87,323), Granville ($19,890), Wilson ($6,269), and Vance ($1,407) School Systems.

Furthermore, the School has received donations of cash and/or equipment from private organizations. The cash is available to be used throughout the year for the School's various programs and activities.

2. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by a reconciliation between the change in governmental funds' fund balance and the change in governmental activities' net position as reported on the government-wide statement of activities. The net difference of $115,478 between the two amounts consists of the following elements:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	$ 226,744
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(372,859)
Amortization expense for right to use lease asset	(447,379)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	702,474
Expenses reported on the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund	
Accrued interest	6,498
Total	$ 115,478

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) Use of Estimates and Assumption

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

II. DETAIL NOTES ON ALL FUNDS

A) Assets

1. Deposits

At June 30, 2024, the School had deposits with banks and savings and loans with a carrying amount of $6,337,687. The bank balance with the financial institution was $6,348,578, of which $5,355,628 was not covered by federal depository insurance. The School does not have a deposit policy for custodial credit risk.

2. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of unexpended bond proceeds and are held in money market funds. The amounts are classified as restricted cash and cash equivalents because its use is completely restricted to the purpose for the specific purposes as outlined in the bond agreement.

3. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,517,998	$ -	$ -	$ 1,517,998
Total assets not being depreciated	1,517,998	-	-	1,517,998
Capital assets being depreciated:				
Building	12,497,316	205,642	-	12,702,958
Instructional equipment	260,571	21,103	-	281,674
Leasehold improvements	443,722	-	-	443,722
Total assets being depreciated	13,201,609	226,745	-	13,428,354
Less accumulated depreciation for:				
Building	160,222	320,444	-	480,666
Instructional equipment	147,292	44,077	-	191,369
Leasehold improvements	400,788	8,338	-	409,126
Total accumulated depreciation	708,302	372,859	-	1,081,161
Governmental activity capital assets, net	$ 14,011,305			$ 13,865,191

II. DETAIL NOTES ON ALL FUNDS (Continued)

A) Assets (Continued)

3. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Instructional	$ 279,644
Supporting services	93,215
	$ 372,859

4. Right to Use Lease Asset

The School has recorded one right to use leased asset. The asset is a right to use asset for a leased facility. The related lease liability is discussed in the eases subsection of the Liabilities section of the notes to the financial statements. The right to use asset is amortized on a straight-line basis over the term of the related lease.

Right to use asset activity for the School for the year ended June 30, 2024is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Right of use asset:				
Leased facility	$2,274,178	$ -	$ -	$2,274,178
Less accumulated amortization for:				
Leased facility	894,758	447,379	-	1,342,137
Right of use asset, net	$1,379,420			$ 932,041

B) Liabilities

1. Retirement Plan

The School does not participate in the North Carolina Teachers' and State Employees' Retirement System.

The School offers a 457(b) retirement plan to its employees. Under the plan, the School contributes an amount equal to the employees' contributions up to a limit of 3% of the employees' compensation for the calendar year. The employee may make voluntary contributions, pursuant to a salary reduction agreement of a percentage of annual compensation not to exceed the limits set by the Internal Revenue Code.

During the year ended June 30, 2024, the School contributed a total of $185,241 under the 457(b) retirement plan.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

2. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains general liability and errors and omissions insurance coverage of $1 million per occurrence with a commercial carrier.

As authorized by G.S. 11C-218.70(a)(4), the School also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan (the "Medical Plan"), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the plan, permanent full-time employees of the School are eligible to receive health care benefits. The School pays the full cost of the insurance premium, minus the state assigned employee contribution, for employees enrolled in the medical plan.

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and claims have not exceeded coverage in any of the past two fiscal years.

The School has elected not to carry flood insurance because the School is not in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency.

The School carries fidelity bond coverage of $250,000 for all its employees. The company that performs all the School's outsourced accounting carries fidelity bond coverage in the amount of $500,000.

3. Long-Term Obligations

a) Bonds payable

In December 2021, the School entered into a loan agreement associated with the issuance of revenue bonds in the aggregate of $21,610,000. Proceeds of the bonds were used to fund the School's withdrawal from its employee benefit plans, fund working capital for the School's existing lease, repay the bridge loan used to originally finance the purchase of real estate, and to fund the construction of a new building to be used as the main operating facility of the School. Additional proceeds were used to fund reserve funds as required by the agreement. Interest during the term ranges from 4.375%-5.625%. An interest only payment was required in June 2022. Principal payments begin in June 2023 and continue through maturity in June 2056. The real estate has been pledged as collateral for the debt. In the event of a default as defined in the loan agreement, the lender may declare any remaining principal and interest payments due to be immediately payable by the School. The balance outstanding totaled $21,105,000.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

3. Long-Term Obligations (Continued)

a) Bonds payable (Continued)

Future minimum payments are as follows:

	Principal	Interest	Total
Year Ending June 30, 2025	$ 275,000	$ 1,000,313	$ 1,275,313
Year Ending June 30, 2026	290,000	984,844	1,274,844
Year Ending June 30, 2027	305,000	968,531	1,273,531
Year Ending June 30, 2028	320,000	951,375	1,271,375
Year Ending June 30, 2029	340,000	933,375	1,273,375
Years Ending June 30, 2030-2034	2,010,000	4,357,219	6,367,219
Years Ending June 30, 2035-2039	2,635,000	3,731,032	6,366,032
Years Ending June 30, 2040-2044	3,315,000	3,050,875	6,365,875
Years Ending June 30, 2045-2049	4,110,000	2,256,319	6,366,319
Years Ending June 30, 2050-2054	5,120,000	1,248,075	6,368,075
Years Ending June 30, 2055-2056	2,385,000	162,225	2,547,225
	$ 21,105,000	$ 19,644,183	$ 40,749,183

Under the terms of the bond agreement, the School is obligated under certain debt covenants to maintain debt service coverage ratio at or above 1.10 for the year ended June 30, 2022 and for each subsequent year. The calculation of this covenant for the year ended June 30, 2024 is as follows:

Change in net position for the year ended June 30, 2024	$ 371,396
Add: interest expense	1,008,440
Add: depreciation expense and amortization expense	820,238
Net income available for debt service	2,200,074
Actual annual debt service:	
Bonds payable	1,274,937
Total actual annual debt service	1,274,937
Debt service coverage ratio	1.73

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

3. Long-Term Obligations (Continued)

a) Bonds payable (Continued)

Under the terms of the bond agreement, the School is also obligated to maintain days cash on hand calculation of at least 45 days as of June 30, 2022 and each subsequent year. The calculation of this covenant for the year ended June 30, 2024 is as follows:

Unrestricted cash and cash equivalents	$ 3,021,459
Total operating expenses	8,465,129
Less: depreciation expense and amortizaiton expense	(820,238)
Total operating expenses	7,644,891
Divided by	365
Daily Expenses	20,945
Days Cash on Hand	144

b) Lease

The School entered into an agreement to lease a facility. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of July 1, 2021.

The School entered into a lease agreement for a building in August 2006. In April 2014, the School amended its lease agreement to extend the maturity date. Monthly lease payments range from $16,358 to $44,088 through maturity in July 2026.

The net present value of the future minimum lease obligations are as follows:

	Principal	Interest	Total
Year Ending June 30, 2025	$ 476,892	$ 36,802	$ 513,694
Year Ending June 30, 2026	513,272	14,598	527,870
Year Ending June 30, 2027	43,924	165	44,089
	$ 1,034,088	$ 51,565	$ 1,085,653

II. DETAIL NOTES ON ALL FUNDS (Continued)

B) Liabilities (Continued)

3. Long-Term Obligations (Continued)

c) Changes in General Long-Term Obligation

The following is a summary of changes in the School's long-term obligations for the fiscal year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Bonds Payable	$ 21,365,000	$ -	$ 260,000	$ 21,105,000	$ 275,000
Lease liability	1,476,562	-	442,474	1,034,088	476,892
	$ 22,841,562	$ -	$ 702,474	$ 22,139,088	$ 751,892

C) Interfund Balances and Activity

Transfers to/from other funds at June 30, 2024 consist of the following:

From the Enterprise Fund to the General Fund to fund operating expenses	$ (232,173)

D) Fund Balance

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The School will use resources in the following hierarchy: bond proceeds, federal funds, State funds, and local funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board of Directors has the authority to deviate from this policy if it is in the best interest of the School. The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation.

Total fund balance	$ 5,298,426
Less:	
Bonds	3,316,228
Security deposits	53,440
Prepaid items	90,000
Remaining fund balance	$ 1,838,758

III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The School has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

V. RESTATEMENT

It was noted that amounts due in between funds were incorrectly eliminated during the financial reporting process for the School. A restatement was necessary to correct increasing the proprietary fund balance by $80,846 and decreasing the general fund balance by the same amount. The funds were paid back during the year ended June 30, 2024.

VI. SUBSEQUENT EVENTS

Management has evaluated subsequent events to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 7, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CASA ESPERANZA MONTESSORI, INC. **Statement 1**
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP)
Government Fund Types
For the Year Ended June 30, 2024

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
State of North Carolina	$ 4,665,573	$ 4,760,427	$ 94,854
Boards of Education	2,309,017	2,268,331	(40,686)
U.S. Government	244,943	276,919	31,976
Private programs	435,000	522,333	87,333
Lease revenue	526,847	539,068	12,221
All other revenue sources	61,666	65,582	3,916
Total revenues	8,243,046	8,432,660	189,614
EXPENDITURES			
Salaries and wages	4,093,869	4,177,815	(83,946)
Taxes and benefits	938,519	963,150	(24,631)
Total payroll	5,032,388	5,140,965	(108,577)
Education	226,513	247,474	(20,961)
Contract services	652,666	542,917	109,749
Office expenses	86,100	133,834	(47,734)
Property leases and utilities	1,924,816	1,987,936	(63,120)
Operations	164,000	324,550	(160,550)
Budgeted savings	123,646		123,646
Total non-payroll	3,177,741	3,236,711	(58,970)
Total expenditures	8,210,129	8,377,676	(167,547)
Other financing sources (uses):			
Transfer from other funds	-	-	-
Fund balance appropriated	-	-	-
Total other financing sources (uses)	-	-	-
Excess of revenue over expenditures	$ 32,917	$ 54,984	$ 22,067
Reconciliation to change in fund balance			
Working Capital from LLC		309,536	
Sales Tax Refund		200,934	
Working Capital from LLC to School		(309,536)	
Change in fund balance		$ 255,918	

COMPLIANCE SECTION

SHARPE PATEL CPA

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*

To the Board of Directors
Casa Esperanza Montessori, Inc.
Raleigh, North Carolina

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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Casa Esperanza Montessori, Inc., as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Casa Esperanza Montessori, Inc.'s basic financial statements, and have issued our report thereon dated October 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casa Esperanza Montessori, Inc.'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 Casa Esperanza Montessori, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Casa Esperanza Montessori, Inc.'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Casa Esperanza Montessori, 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.

Raleigh, North Carolina
October 7, 2024

SHARPE PATEL CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE OBM UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Directors
Casa Esperanza Montessori, Inc.
Raleigh, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Casa Esperanza Montessori, Inc.'s compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* that could have a direct and material effect on each of Casa Esperanza Montessori, Inc.'s major State programs for the year ended June 30, 2024. Casa Esperanza Montessori, Inc.'s major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Casa Esperanza Montessori, Inc. 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 major State programs for the year ended June 30, 2024.

Basis for Opinion on Each Major 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) as described in the *Audit Manual for Governmental Auditors in North Carolina,* and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Casa Esperanza Montessori, Inc. 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 State program. Our audit does not provide a legal determination of Casa Esperanza Montessori, Inc.'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 Casa Esperanza Montessori, Inc.'s State programs.

Auditor's 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 Casa Esperanza Montessori, Inc.'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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 Casa Esperanza Montessori, Inc.'s compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Casa Esperanza Montessori, Inc.'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 Casa Esperanza Montessori, Inc.'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, but not for the purpose of expressing an opinion on the effectiveness of Casa Esperanza Montessori, Inc.'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 State 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 State 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 State 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 Auditor's 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. 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 State Single Implementation Act. Accordingly, this report is not suitable for any other purpose.

Sharpe Patel PLLC

Raleigh, North Carolina

October 7, 2024

CASA ESPERANZA MONTESSORI, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified

Internal control over financial reporting:

Material weaknesses identified?	____	yes	X	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	____	yes	X	none reported
Noncompliance material to the financial statements noted	____	yes	X	no

State Awards

Internal control over major State programs:

Material weaknesses identified?	____	yes	X	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	____	yes	X	none reported

Type of auditors' report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ____ yes X no

Identification of major State programs:

Program Name
State Public School Fund - Charter Schools

CASA ESPERANZA MONTESSORI, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CASA ESPERANZA MONTESSORI, INC.
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2024

Finding:	**2023-001**	Compliance
Status:	Corrected The School appropriately had all teachers of exceptional children with appropriate license during the school year.	

CASA ESPERANZA MONTESSORI, INC.
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024

Grantor/Pass-through Grantor/Program Title	Federal ALN	State/Pass-Through Grantor's Number	Expenditures
FEDERAL GRANTS			
Cash Assistance:			
U.S. Department of Education			
Passed-through the N.C. Department of Public Instruction			
ARP:			
K-12 Emergency Relief Fund - ESSER II	84.425D	PRC 171	$ 12,997
Public School Unit Supplemental Funding - ESSER II	84.425D	PRC 172	10,813
Total Coronavirus Relief Fund			23,810
Title I Cluster:			
Title VI-B Handicapped	84.027	PRC 050	$ 150,485
ESEA Title VI-B Special Needs	84.027	PRC 115	3,615
Preschool	84.027	PRC 049	871
Total Title I Cluster			154,971
Title VI-B Cluster:			
Title I Basic	84.01	PRC 050	$ 60,975
Total Title VI-B Cluster			60,975
English Language Acquisition	84.365	PRC 111	$ 4,033
Student Improvement	84.010A	PRC 108	$ 10,003
Improving Teacher Quality	84.367A	PRC 103	$ 23,127
Total U.S. Department of Education			276,919
Total Federal Assistance			276,919

CASA ESPERANZA MONTESSORI, INC.
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2024

STATE GRANTS

Cash Assistance:

N.C. Department of Public Instruction:		
State Public School Fund - Charter Schools	PRC 036	$ 4,754,994
Third Grade Reach to Achieve	PRC 046	3,415
State Public School Fund - Test Results Bonus	PRC 048	2,018
Total State assistance		4,760,427
Total Federal and State assistance		$ 5,037,346

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation
The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the Federal and State grant activity of Casa Esperanza Montessori, Inc. under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2: Summary of Significant Accounting Policies
Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate
The School has elected not to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.