

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**

**Financial Statements and Other Information
For the Years Ended June 30, 2021 and 2020
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
For the Year Ended June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Management and Board of Directors
The University of Chicago Charter School Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Chicago Charter School Corporation (the Corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years 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 of 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 audits. We conducted our audits 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 audit 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.

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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 the Corporation as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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) and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of on-behalf payments from Chicago Public Schools (CPS) and the schedule of SPED funding are presented for purposes of additional analysis as requested by CPS and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



MITCHELL TITUS

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Mitchell Titus, LLP

October 29, 2021

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Statements of Financial Position
As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 3,965,126	\$ 3,461,950
Reimbursements receivable	348,421	318,823
Due from the University of Chicago—current portion	608,144	348,072
Prepaid expense	14,847	9,290
Total current assets	<u>4,936,538</u>	<u>4,138,135</u>
<i>Non-current assets</i>		
Due from the University of Chicago—long term	<u>9,546,209</u>	<u>7,434,936</u>
Total non-current assets	<u>9,546,209</u>	<u>7,434,936</u>
Total assets	<u><u>\$ 14,482,747</u></u>	<u><u>\$ 11,573,071</u></u>
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accrued liabilities	\$ 1,087,551	\$ 1,075,078
Unearned revenue	132,967	42,435
Total current liabilities	<u>1,220,518</u>	<u>1,117,513</u>
<i>Net assets</i>		
Without donor restrictions	3,107,876	2,672,550
With donor restrictions	<u>10,154,353</u>	<u>7,783,008</u>
Total net assets	<u>13,262,229</u>	<u>10,455,558</u>
Total liabilities and net assets	<u><u>\$ 14,482,747</u></u>	<u><u>\$ 11,573,071</u></u>

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

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Total
REVENUE			
Government grants and contracts	\$ 19,759,148	\$ -	\$ 19,759,148
Private gifts, student fees, grants, and contributions	2,658,993	608,144	3,267,137
Change in appreciation in fair value of assets held by the University of Chicago	-	2,111,273	2,111,273
Net assets released from restrictions	348,072	(348,072)	-
Total revenue	<u>22,766,213</u>	<u>2,371,345</u>	<u>25,137,558</u>
EXPENSES			
Program services	19,141,412	-	19,141,412
General and administrative	3,189,475	-	3,189,475
Total expenses before other items	<u>22,330,887</u>	<u>-</u>	<u>22,330,887</u>
Change in net assets	435,326	2,371,345	2,806,671
Net assets, beginning of year	<u>2,672,550</u>	<u>7,783,008</u>	<u>10,455,558</u>
Net assets, end of year	<u><u>\$ 3,107,876</u></u>	<u><u>\$ 10,154,353</u></u>	<u><u>\$ 13,262,229</u></u>

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

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2020 Total
REVENUE			
Government grants and contracts	\$ 18,388,958	\$ -	\$ 18,388,958
Private gifts, student fees, grants, and contributions	3,755,316	348,072	4,103,388
Change in depreciation in fair value of assets held by the University of Chicago	-	(343,556)	(343,556)
Net assets released from restrictions	110,360	(110,360)	-
Total revenue	<u>22,254,634</u>	<u>(105,844)</u>	<u>22,148,790</u>
EXPENSES			
Program services	18,593,592	-	18,593,592
General and administrative	3,377,921	-	3,377,921
Total expenses before other items	<u>21,971,513</u>	<u>-</u>	<u>21,971,513</u>
Change in net assets	283,121	(105,844)	177,277
Net assets, beginning of year	<u>2,389,429</u>	<u>7,888,852</u>	<u>10,278,281</u>
Net assets, end of year	<u><u>\$ 2,672,550</u></u>	<u><u>\$ 7,783,008</u></u>	<u><u>\$ 10,455,558</u></u>

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

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**

Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services						General and Administrative	2021	
	School Day Classroom	Summer Program	Extended Day	Pre-Kindergarten	Fundraising	Parent/Family and PTCO			Total Program
PROGRAM AND SUPPORTING SERVICES									
Salaries	\$ 9,583,103	\$ 48,629	\$ -	\$ 307,806	\$ -	\$ -	\$ 9,939,538	\$ 1,337,182	\$ 11,276,720
Taxes and benefits	2,639,114	3,720	-	118,523	-	-	2,761,357	304,237	3,065,594
Total salaries and related expenses	12,222,217	52,349	-	426,329	-	-	12,700,895	1,641,419	14,342,314
Professional development	34,487	-	-	-	-	-	34,487	-	34,487
Materials and supplies	490,876	7,807	1,396	-	-	9,745	509,824	32,991	542,815
Services	492,101	1,555	10,222	449	-	-	504,327	197,705	702,032
CPS administrative fee	-	-	-	-	-	-	-	382,179	382,179
Insurance	176,532	-	-	-	-	-	176,532	9,291	185,823
Facilities and security	1,724,734	-	-	-	-	-	1,724,734	90,775	1,815,509
Tech hardware and software	990,917	-	-	-	-	-	990,917	52,154	1,043,071
In-kind expense	2,385,065	-	-	-	114,631	-	2,499,696	782,961	3,282,657
Total program and supporting services before depreciation	18,516,929	61,711	11,618	426,778	114,631	9,745	19,141,412	3,189,475	22,330,887
Depreciation	-	-	-	-	-	-	-	-	-
Total	\$ 18,516,929	\$ 61,711	\$ 11,618	\$ 426,778	\$ 114,631	\$ 9,745	\$ 19,141,412	\$ 3,189,475	\$ 22,330,887

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

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services						General and Administrative	2020	
	School Day Classroom	Summer Program	Extended Day	Pre-Kindergarten	Fundraising	Parent/Family and PTCO			Total Program
PROGRAM AND SUPPORTING SERVICES									
Salaries	\$ 9,617,888	\$ 112,001	\$ 49,963	\$ 298,520	\$ -	\$ -	\$ 10,078,372	\$ 1,342,765	\$ 11,421,137
Taxes and benefits	2,710,680	9,278	5,961	112,142	-	-	2,838,061	316,908	3,154,969
Total salaries and related expenses	12,328,568	121,279	55,924	410,662	-	-	12,916,433	1,659,673	14,576,106
Professional development	65,043	-	-	-	-	-	65,043	-	65,043
Materials and supplies	461,765	-	14,282	15,954	-	6,293	498,294	64,474	562,768
Services	549,312	13,497	27,232	2,246	-	-	592,287	308,583	900,870
CPS administrative fee	-	-	-	-	-	-	-	422,487	422,487
Insurance	176,820	-	-	-	-	-	176,820	9,306	186,126
Facilities and security	1,754,991	-	-	-	-	-	1,754,991	92,368	1,847,359
Tech hardware and software	599,624	-	-	-	-	-	599,624	31,559	631,183
In-kind expense	1,874,450	-	-	-	114,631	-	1,989,081	789,471	2,778,552
Total program and supporting services before depreciation	17,810,573	134,776	97,438	428,862	114,631	6,293	18,592,573	3,377,921	21,970,494
Depreciation	1,019	-	-	-	-	-	1,019	-	1,019
Total	\$ 17,811,592	\$ 134,776	\$ 97,438	\$ 428,862	\$ 114,631	\$ 6,293	\$ 18,593,592	\$ 3,377,921	\$ 21,971,513

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

THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION
 Statements of Cash Flows
 For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,806,671	\$ 177,277
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation	-	1,019
Change in (appreciation) depreciation of fair value of assets held by the University of Chicago	(2,111,273)	343,556
<i>Changes in assets and liabilities</i>		
Reimbursements receivable	(29,598)	475,572
Due from the University of Chicago	(260,072)	(237,713)
Prepaid expense	(5,557)	9,166
Accrued liabilities	12,473	288,304
Unearned revenue	90,532	(10,223)
Net cash provided by operating activities	<u>503,176</u>	<u>1,046,958</u>
Net increase in cash and cash equivalents	503,176	1,046,958
Cash and cash equivalents, beginning of year	<u>3,461,950</u>	<u>2,414,992</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,965,126</u></u>	<u><u>\$ 3,461,950</u></u>

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

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 1 SCHOOL BACKGROUND

On April 10, 1996, the State of Illinois enacted the Charter Schools Law as Public Act 89-450. The law was enacted to: (1) improve pupil learning, (2) increase learning opportunities for all pupils, with a special emphasis placed on expanded learning experiences for at-risk pupils, (3) encourage innovative teaching methods, (4) allow for the development of innovative forms of measuring learning and achievement, (5) create new professional opportunities for teachers, (6) provide parents and pupils with expanded educational choices, (7) encourage parental and community involvement, and (8) hold charter schools accountable for meeting vigorous school content standards.

On July 1, 1998, the Chicago School Reform's Board of Trustees granted the University of Chicago Charter School Corporation (the Corporation) a charter in accordance with the Charter Schools Law. The Corporation currently operates three public school campuses: North Kenwood/Oakland, Donoghue, and Woodlawn.

The North Kenwood/Oakland School, which opened in Fall 1998, provides instruction to pupils in pre-kindergarten through the fifth grade.

The Donoghue School, which opened in September 2005, provides instruction to pupils in pre-kindergarten through the fifth grade.

The Woodlawn School (UCW), which opened in Fall 2006, provides instruction to pupils in sixth through 12th grades.

The Corporation is operated by the Urban Education Institute of the University of Chicago (UEI), a unit of the University of Chicago (the University). The Corporation is controlled by the University as it is the sole member of the Corporation. The University provides funding for the start-up costs of certain campuses and other private gifts to the Corporation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Corporation have been presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial Statement Presentation

The financial statements are prepared in conformity with accounting principles applicable to nonprofit organizations. For financial reporting purposes and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, net assets and revenue are classified on the basis of the existence or absence of donor-imposed restrictions, as follows:

Without Donor Restrictions: Net assets not subject to donor-imposed stipulations over which the Corporation's Board of Directors has discretionary control.

With Donor Restrictions: Net assets subject to donor-imposed restrictions that can be fulfilled by the actions of the Corporation pursuant to those stipulations or that expire by the passage of time.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fixed Assets

Fixed assets include leasehold improvements and furniture, fixtures, and equipment.

Leasehold improvements are recorded at cost. Repairs and maintenance are charged to expense as incurred. Amortization of leasehold improvements is computed on a straight-line basis over the terms of the respective leases.

Furniture, fixtures, and equipment are stated at cost at the date of acquisition and are depreciated using the straight-line method over their estimated useful lives. The applicable useful life of furniture, fixtures, and equipment is three to seven years.

Fixed assets of \$5,000 or more, in general, are depreciated or amortized over their applicable useful lives.

Long-lived assets, such as leasehold improvements or furniture, fixtures, and equipment, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fixed Assets *(continued)*

Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to the estimated undiscounted future cash flows the asset is expected to generate. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment loss will be recognized. The impairment loss will be the amount by which the carrying amount exceeds the fair value of the asset. Assets to be disposed of are presented separately in the statement of financial position and reported at the lower of the carrying amount or fair value, less costs to sell, and are no longer depreciated. There were no fixed asset impairment losses recorded in fiscal years 2021 and 2020.

Revenue

The Corporation recognizes revenue based on the accrual basis of accounting. According to these principles, revenue is recognized when it is realized and earned, meaning when the services are provided, and collectability is reasonably assured.

Unearned Revenue

Unearned revenue at June 30, 2021 and 2020 represents student fees collected for the next fiscal year.

Contributions

Contributions are stated at fair value. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Reimbursements Receivable

Reimbursements receivable consist mainly of pre-kindergarten and grant reimbursements and are stated at unpaid balances. No provision for doubtful accounts has been made since all receivables were considered by management to be collectible.

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Pledges Receivable

Pledges receivable represent unconditional promises to give. Pledges are reported at fair value and included with due from the University of Chicago in the statement of financial position. For pledges expected to be collected in more than one year, fair value of the pledges is measured using the present value of estimated future cash flows the Corporation expects to collect. There were no pledges receivable at June 30, 2021 and 2020.

Due from/to the University

The University conducts fundraising campaigns to support the Corporation, in addition to public funding. Due from the University represents unspent gift balances raised by the University for the Corporation and cash collected by the University from the Corporation's donors. Due to the University may arise if payments to vendors by the University on behalf of the Corporation exceed the unspent gift balances and cash collected by the University on behalf of the Corporation. There were no amounts due to the University at June 30, 2021 and 2020.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the accompanying statements of activities. The functional classification of expenses presents the natural classification details of expenses by function. Expenses directly attributable to a specific functional area of the Corporation are reported as expenses to those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas using a cost allocation method based on time and effort.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenses, gains, and losses during the reporting period. Actual results could differ from those estimates.

Donated Services

Donated services are recorded at fair value at the date of donation and recognized as contributions and expenses in the accompanying financial statements. Services provided by the University's employees are disclosed in Note 3 and services provided by Chicago Public Schools (CPS) are disclosed in Note 12.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Uncertain Tax Positions

U.S. GAAP defines how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. It requires entities to recognize a tax benefit from an uncertain tax position only if it is more-likely-than-not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. The Corporation has evaluated its tax positions taken or expected to be taken to determine whether the tax positions are more-likely-than-not to be sustained by the applicable taxing authority, and has determined that it currently does not have any uncertain tax positions as of June 30, 2021.

Adopted Accounting Pronouncement

During fiscal year 2021, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 eliminated transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. ASU 2014-09 required an entity to recognize revenue based on the value of transferred goods or services as they occurred in the contract. ASU 2014-09 also required additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The majority of the Corporation's revenue is generated via tuition per capita, student fees, contributions and State/Federal grants (usually on a cost reimbursement basis) for providing quality education to the students enrolled in its schools. Revenue is earned as performance of this service is accomplished on a yearly basis. Based on the above, the adoption of ASU 2014-09 has no impact to the current revenue recognition policies.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 changes the accounting for leases, primarily by lessees in operating leases, by requiring: (a) the recognition of (i) a lease asset (right of use) and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position and (ii) a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis, and (b) the classification of all lease payments within the operating activities in the statement of cash flows. This new guidance is effective for annual periods beginning after December 15, 2019.

In June 2020, the effective date for ASU 2016-02 was deferred to annual periods beginning after December 15, 2021. The Corporation is evaluating the requirements of ASU 2016-02 and its impact on the presentation of its financial statements and disclosures.

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 3 PRIVATE GIFTS, STUDENT FEES, GRANTS, AND CONTRIBUTIONS

Private gifts, student fees, grants, and contributions for the years ended June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Student fees	\$ 228,175	\$ 490,187
In-kind administrative and general services received from the University of Chicago	1,201,614	1,249,191
University of Chicago contributions	1,629,121	2,322,563
Miscellaneous	<u>208,227</u>	<u>41,447</u>
	<u>\$ 3,267,137</u>	<u>\$ 4,103,388</u>

NOTE 4 DUE FROM THE UNIVERSITY

The University conducts fundraising campaigns to support the Corporation. The assets consist principally of restricted gifts, pledges, and endowments, which are classified as due from the University in the accompanying financial statements. Private gifts, unconditional pledges, and contributions raised by the University for the Corporation are recognized by the Corporation when received.

Due from the University consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Gifts receivable	\$ 608,144	\$ 348,072
Endowments	<u>9,546,209</u>	<u>7,434,936</u>
Total due from the University	10,154,353	7,783,008
Less: Current portion	<u>(608,144)</u>	<u>(348,072)</u>
Non-current portion	<u>\$ 9,546,209</u>	<u>\$ 7,434,936</u>

Details of each source of assets included in due from the University as of June 30, 2021 and 2020 are described below.

Gifts Receivable

Gifts are restricted for supporting the program purposes. At June 30, 2021 and 2020, gifts receivable from the University amounted to \$608,144 and \$348,072, respectively, and are recorded in net assets with donor restrictions.

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 4 DUE FROM THE UNIVERSITY *(continued)*

Endowments Held by the University for the Benefit of the Corporation

The University holds endowments for the Corporation's benefit, with fair values of \$9,546,209 and \$7,434,936 as of June 30, 2021 and 2020, respectively. These endowments are invested with the University's endowment funds in the total return investment pool, a diversified portfolio of investments among various asset classes, managed by the University, with the objective of earning equity-like returns with less volatility. The Corporation has no control over the timing and amount of payouts from its endowment funds held by the University. The Corporation's endowment funds held by the University are recorded in net assets with donor restrictions. Distributions from the University are recorded upon receipt.

NOTE 5 FIXED ASSETS

Fixed assets at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 110,798	\$ 110,798
Furniture, fixtures, and equipment	1,037,193	1,037,193
	<u>1,147,991</u>	<u>1,147,991</u>
Less: Accumulated depreciation	<u>1,147,991</u>	<u>1,147,991</u>
Fixed assets, net	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Depreciation expense for 2021 and 2020 was \$0 and \$1,019, respectively.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Leases

In August 2000, the Corporation entered into an operating lease agreement with the Chicago Board of Education for the North Kenwood/Oakland Charter School. The lease agreement requires rental payments to be paid to the University in support of the various programs it offers to nearby Chicago public elementary and high schools. In 2008, the University, after considering its ongoing support of Chicago's public schools, discontinued the rent requirement of the lease. The Corporation has estimated the fair value of the rental payments to be \$460,494 and \$253,088 for the years ended June 30, 2021 and 2020, respectively. These amounts are included in the amount of government grants and contract revenue and general and administrative expenses for the years ended June 30, 2021 and 2020.

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 6 COMMITMENTS AND CONTINGENCIES *(continued)*

Leases *(continued)*

The Corporation entered into an operating lease agreement with the Chicago Board of Education through June 30, 2023 for the Donoghue campus, effective July 1, 2018. The lease term is subject to early termination if the Corporation's charter expires or if the Corporation ceases to operate the Donoghue campus. Rental payments are expected to be \$1 annually. The Corporation has estimated the fair value of the rental payments to be \$1,363,063 and \$749,140 for the years ended June 30, 2021 and 2020, respectively. These amounts are included in government grants and contracts revenue and general and administrative expenses for the years ended June 30, 2021 and 2020. The Donoghue School officially began operations on September 6, 2005.

Effective January 1, 2018, the Corporation entered into a 10-year lease agreement with the University of Chicago, whereby the Corporation began paying the University \$407,397 annually starting on July 1, 2018. For the years ended June 30, 2021 and 2020, the Corporation paid \$407,397. The Woodlawn School officially began operations in September 2006 and moved to its new location on January 1, 2018.

The minimum future rental commitments at June 30, 2021 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 407,397
2023	407,397
2024	407,397
2025	407,397
2026	407,397
2027 and beyond	611,096
	<u>\$ 2,648,081</u>

Litigation

Various lawsuits, claims, and other contingent liabilities arise during the ordinary course of the Corporation's educational activities. In management's opinion, all related matters have been adequately provided for, are without merit, or are of such that if disposed of unfavorably, would not have a material adverse effect on the Corporation's financial position.

Retirement Commitments

The Corporation participates in the Public School Teachers' Pension and Retirement Fund of Chicago (CTPF), a defined benefit plan. Participation in CTPF is mandatory for all members of the teaching force who hold an Illinois State Teacher Certification Board certification.

NOTE 6 COMMITMENTS AND CONTINGENCIES *(continued)*

Retirement Commitments *(continued)*

On a discretionary basis, the Corporation has elected to pay a portion of the employees' required contributions to CTPF. CTPF does not maintain separate actuarial records for the Corporation.

In addition, the Corporation also participates in the Teachers Insurance and Annuity Association of America – College Retirement Equities Fund (TIAA-CREF). Employees of the Corporation who are at least 21 years of age or who have completed one year of employment will be able to invest in TIAA-CREF defined contribution retirement annuities, also known as tax-sheltered annuities.

The Corporation's TIAA-CREF Tax-Sheltered Annuity (TSA) is available to those employees who do not contribute to CTPF. Full-time benefits eligible employees cannot participate in the CTPF and TSA at the same time. All full-time benefits eligible employees will be able to make voluntary contributions to the Charter School Tax Deferred Annuity Plan (TDA) up to the statutory limits.

The TSA is a defined contribution, Internal Revenue Code (IRC) Section 403(b) plan. A participant's defined contribution benefit is based on his or her account balance at the time of election to receive benefit payment and the form of payment selected. Participant contributions of 3% of employee compensation each pay period are matched by the Corporation's contributions of 3% to the defined contribution plan. The defined contribution account is invested at the direction of the employee with TIAA-CREF. Contributions paid by the Corporation for the TSA during the school years ended June 30, 2021 and 2020 were \$43,808 and \$40,748, respectively.

The TDA is a voluntary defined contribution program that provides an opportunity to save additional money for retirement through tax-deferred savings. Under the TDA, the employee may elect to contribute a specific dollar amount from each paycheck to a TIAA-CREF retirement annuity custodial account. The Corporation does not contribute to the TDA.

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 7 RETIREMENT PLAN

On behalf of eligible employees, the Corporation at its discretion pays 5.5% of the mandatory 9% of Certified Employees Salaries (CES) to CTPF. In addition, CPS requires a payment of 11.16% of CES.

	<u>2021</u>	<u>2020</u>
Total pensionable salaries	\$ 7,636,598	\$ 7,638,387
Employer expense to CTPF of 5.5%	420,013	420,111
Employer expense to CPS of 11.16%	<u>852,244</u>	<u>852,444</u>
Total expense	<u>\$ 1,272,257</u>	<u>\$ 1,272,555</u>
Total employer expense of 11.16% paid to CPS*	<u>\$ 900,636</u>	<u>\$ 482,588</u>
True-up of total employer expense of 11.16% (receivable) from, payable to CPS	<u>\$ (48,391)</u>	<u>\$ 369,856</u>

* Employer expense to CPS of 11.16% includes deductions of \$900,636 in 2021 and \$482,588 in 2020 for amounts already paid to CPS.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Gifts received and pledges receivable held by the University for the benefit of the Corporation are restricted as the restrictions are imposed by the donors. At June 30, 2021 and 2020, net assets with donor restrictions were available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Scholarships	\$ 44,127	\$ 43,088
General support of the schools	564,017	304,984
Endowments	<u>9,546,209</u>	<u>7,434,936</u>
Total net assets with donor restrictions	<u>\$ 10,154,353</u>	<u>\$ 7,783,008</u>

NOTE 9 NET ASSETS RELEASED FROM RESTRICTIONS

During the fiscal years ended June 30, 2021 and 2020, net assets were released from restrictions by incurring expenses that satisfied the restricted purposes of academic and social support, professional development, scholarships, and general support of the schools, and totaled \$348,072 and \$110,360, respectively.

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 10 TAX-EXEMPT STATUS

The Corporation has received a determination letter from the Internal Revenue Service indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC and is exempt from Federal and state income taxes.

The Corporation files income tax returns in the U.S. Federal jurisdiction. Management believes that the Corporation is no longer subject to U.S. Federal income tax examinations by tax authority for years before 2017.

NOTE 11 FEDERAL E-RATE PROGRAM

During 2021 and 2020, the Corporation received federal assistance from the Schools and Libraries Program of the Universal Service Fund, commonly known as the (E-Rate) program. E-Rate is administered by the Universal Service Administrative Company (USAC) under the direction of the Federal Communications Commission. E-Rate's objective is to provide discounts, thereby assisting most schools and libraries in the U.S. to obtain affordable telecommunications and Internet access.

The Corporation obtained approved commitments of \$58,767 and \$7,465 of assistance under the E-Rate program from USAC in 2021 and 2020, respectively, to purchase eligible telecommunication equipment and services. During fiscal years 2021 and 2020, the Corporation paid \$42,487 and \$7,465, respectively, in telecommunication costs to its vendors, which will be reimbursed by USAC.

NOTE 12 CHICAGO PUBLIC SCHOOLS CONTRIBUTED SERVICES

CPS contributes certain services to the Corporation. Services included rent and food service as follows:

	<u>2021</u>	<u>2020</u>
Rent	\$ 1,823,558	\$ 1,002,227
Food service	<u>257,485</u>	<u>527,134</u>
Total CPS contributed services	<u>\$ 2,081,043</u>	<u>\$ 1,529,361</u>

These contributed services are reported in the statements of activities as government grants and contracts. Also, the expenditures for these services are reported in school day classroom and general and administrative expenses.

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 13 WOODLAWN HIGH SCHOOL INITIATIVE

During fiscal year 2018, the University completed construction and retained ownership of the school building for the University of Chicago Woodlawn (UCW) High School at a cost of \$24.5 million. UCW High School moved to the new building in January 2018. The University and the Corporation entered into a 10-year lease agreement, with three consecutive 10-year extension options, all on the same terms, whereby the Corporation began paying the University \$407,397 annually starting on July 1, 2018. During fiscal years 2021 and 2020, the Corporation paid \$407,397 for rent.

NOTE 14 RELATED-PARTY TRANSACTIONS

The Corporation enters into various types of transactions with the University, including with the UEI. Details of those transactions and related amounts are discussed in earlier notes to these financial statements.

NOTE 15 FINANCIAL ASSETS AND LIQUIDITY

Financial assets available for general expenditure, excluding amounts restricted by donors and the Board-designated fund, within one year of the statements of financial position date are comprised of the following:

	<u>2021</u>	<u>2020</u>
<i>Financial assets at year end</i>		
Cash and cash equivalents	\$ 3,965,126	\$ 3,461,950
Reimbursements and gifts receivable	956,565	666,895
Endowments held by the University of Chicago	<u>9,546,209</u>	<u>7,434,936</u>
Total financial assets	<u>14,467,900</u>	<u>11,563,781</u>
<i>Less: Amounts not available to be used within one year</i>		
Amounts restricted by donors as to purpose	<u>(9,546,209)</u>	<u>(7,434,936)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 4,921,691</u>	<u>\$ 4,128,845</u>

The Corporation manages liquidity by maintaining collections of accounts receivable. In the event of an unanticipated liquidity need, the Organization can borrow from the University of Chicago resources for short-term needs.

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 16 SUBSEQUENT EVENTS

The Corporation evaluated subsequent events through October 29, 2021, the date the financial statements were available to be issued, and determined that there were no additional subsequent events to be recognized or disclosed in the financial statements.

OTHER INFORMATION

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Period	Federal Expenditures	Subrecipient Expenditures
U.S. Department of Education					
<i>Passed through Chicago Public Schools</i>					
Title I Grants to Local Educational Agencies					
Other instructional programs - Public Inst. and Support Services	84.010A	* S010A180013	7/1/19-8/31/20	\$ 14,057	\$ -
Other instructional programs - Public Inst. and Support Services	84.010A	* S010A180013	7/1/20-8/31/21	777,987	-
Parent training - Mandated Parent Involvement	84.010A	* S010A180013	7/1/19-8/31/20	549	-
Parent training - Mandated Parent Involvement	84.010A	* S010A180013	7/1/20-8/31/21	5,693	-
T1 IL Empower	84.010A	* S010A180013	9/1/19-8/31/20	776	-
T1 IL Empower	84.010A	* S010A180013	9/1/20-8/31/21	37,410	-
Total Title I Grants to Local Education Agencies				836,472	-
English Language Acquisition State Grants	84.365A	S365A180013	9/1/19-8/31/20	47	-
English Language Acquisition State Grants	84.365A	S365A180013	9/1/20-8/31/21	1,757	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	S367A180012	7/1/20-8/31/21	61,122	-
Title IV, Part A Student Support and Academic Enrichment	84.424A	S424A180014	7/1/20-8/31/21	36,922	-
Total U.S. Department of Education				936,320	-
Total federal expenditures				\$ 936,320	\$ -

* Denotes Major program.

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the grant expenditures of the University of Chicago Charter School Corporation (the Corporation) for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to, and it does not, present the financial position, changes in net assets, or cash flows of the Corporation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the Schedule are on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where in certain types of expenditures are not allowable or are limited as to reimbursement period. The Corporation has not elected to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 3 RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO FINANCIAL STATEMENTS

The following table presents a reconciliation of the total federal expenditures reported in the Schedule to the government grants and contracts on the financial statements:

Total federal expenditures per the Schedule	\$ 936,320
<i>Add:</i> CPS non-federal funding	15,648,888
<i>Add:</i> CPS in-kind contributions	2,081,043
<i>Add:</i> State funding	<u>1,092,896</u>
Government grants and contracts per financial statements	<u><u>\$ 19,759,147</u></u>



**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**

Management and Board of Directors
The University of Chicago Charter School Corporation

We have audited 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, the financial statements of the University of Chicago Charter School Corporation (the Corporation), which comprise the statement of financial position as of June 30, 2021, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mitchell Titus, LLP

October 29, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Management and Board of Directors
The University of Chicago Charter School Corporation

Report on Compliance for Each Major Federal Program

We have audited the University of Chicago Charter School Corporation's (the Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Corporation's major federal program for the year ended June 30, 2021. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Corporation's major federal program based on our audit of the types of 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 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation'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 its major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 type of compliance requirement of a federal 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 federal 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 federal 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mitchell Titus, LLP

October 29, 2021

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I—SUMMARY OF AUDITORS' RESULTS

1. Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

2. Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major programs:

CFDA No.

Name of Federal Program or Cluster

84.010A

Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

Yes No

SECTION II—FINANCIAL STATEMENT AUDIT FINDINGS

None.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.



**INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE WITH REQUIREMENTS OF APPLICABLE LAWS
AND REGULATIONS PRESCRIBED BY ADMINISTERING AGENCY**

Management and the Board of Directors
The University of Chicago Charter School Corporation

We have examined the University of Chicago Charter School Corporation's (the Corporation) compliance, during the year ended June 30, 2021, with the laws and regulations listed in the second paragraph of this report, which were provided by the Corporation's administering agency, the Chicago Public Schools (CPS). Management is responsible for the Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the Corporation's compliance with the specified requirements based on our examination.

The applicable laws and regulations agreed to by the Corporation and CPS included the following:

- Open Meetings Act (5 ILCS 120/1.01 *et. seq.*)
- Fingerprint-based Criminal Background Investigations and Checks of the Statewide Sex Offender Database & Statewide Child Murderer and Violent Offender Against Youth Database (105 ILCS 5/10-21.9 & 105 ILCS 5/34-18.5)
- Illinois School Student Records Act (105 ILCS 10/1 *et. seq.*)
- Administering Medication (105 ILCS 5/10-22.21b)
- Hazardous Materials Training (105 ILCS 5/10-20.17a)
- School Safety Drill Act (105 ILCS 128/1 *et. seq.*)
- Abused and Neglected Child Reporting Act (325 ILCS 5/1 *et. seq.*)
- Eye Protection in School Act (105 ILCS 115/0.01 *et. seq.*)
- Toxic Art Supplies in Schools Act (105 ILCS 135/1 *et. seq.*)
- Infectious Disease Policies and Rules (105 ILCS 5/10-21.11)
- Physical Fitness Facility Medical Emergency Preparedness Act (210 ILCS 74/1 *et. seq.*)
- Open Enrollment Process and Lottery (105 ILCS 5/27A-4(d),(h))
- Attendance (Charter School Agreement)
- Single Audit Act Amendments of 1996 (31 U.S.C. 7501-07) (Charter School Agreement)
- Governance and Operation (Charter School Agreement)
- Maintenance of Corporate Status and Good Standing (Charter School Agreement)
- Facility (Charter School Agreement)
- Pension Payments (Charter School Agreement)
- Management and Financial Controls (Charter School Agreement)
- Insurance (Charter School Agreement)

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MITCHELL TITUS

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

Due to the COVID-19 pandemic, we were unable to speak to students about their awareness of various aspects of the aforementioned requirements as specified by the CPS Audit Letter.

In our opinion, except as noted above, the Corporation complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2021.

This report is intended solely for the information and use of the Corporation's Board of Directors and management, and the CPS, and is not intended to be, and should not be, used by anyone other than these specified parties.

Mitchell Titus, LLP

October 29, 2021

**THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION**

Schedule of On-Behalf Payment Information from CPS - Unaudited
For the Year Ended June 30, 2021

	<u>NKO</u>	<u>Donoghue</u>	<u>UCW</u>	<u>Total</u>
Facility costs*	\$ 878,005	\$ 945,553	\$ -	\$ 1,823,558
Unfunded pension liability	831,249	895,200	-	1,726,449
Short-term borrowing costs	9,888	10,649	-	20,537
Total on-behalf payment amount	<u>\$ 1,719,142</u>	<u>\$ 1,851,402</u>	<u>\$ -</u>	<u>\$ 3,570,544</u>
	<u>NKO</u>	<u>Donoghue</u>	<u>UCW</u>	<u>Total</u>
Average enrollment FY21	331	487	628	1,445
Per student rate for "on-behalf" payments				
Facility costs	\$ 2,657	\$ 1,944	\$ -	
Unfunded pension liability	2,515	1,840	-	
Short-term borrowing costs	30	22	-	

*For facility costs, \$1,823,558 in-kind CPS rent is included in the audited financial statements, which represents fair market value of rent at \$18.42 per square foot.

THE UNIVERSITY OF CHICAGO
CHARTER SCHOOL CORPORATION
 Schedule of SPED Funding - Unaudited
 For the Year Ended June 30, 2021

SPED FUNDING		FTEs	Total
1. The number of SPED teachers (FTEs) and the total amount spent on SPED teachers (salaries + benefits)		12	\$ 1,029,022
2. The number of SPED paraprofessionals (FTEs) and the total amount spent on ParaPros (salaries + benefits)		16	743,863
3. The amount spent on related service providers, including the specific amount spent on the following disciplines:		12	955,785
	a. Psychologists		-
	b. Social Worker		-
	c. Speech-Language Pathologists		39,204
	d. Occupational Therapists		61,319
	e. Physical Therapists		-
	f. Certified School Nurses (CSNs)		52,577
	g. Registered Nurse (RNs) or Licensed Practical Nurses (LPNs)		-
Total		40	\$ 2,881,770

