

**SOUTHERN OREGON SUCCESS ACADEMY  
JOSEPHINE COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2022**

**WITH**

**INDEPENDENT AUDITOR'S REPORTS**



**SOUTHERN OREGON SUCCESS ACADEMY**

**Josephine County, Oregon**

**June 30, 2022**

**Board of Directors as of June 30, 2022**

Michael Herzog, President

Travis Osborne, Vice President

Michelle Morgan, Treasurer

Zandra Jansma, Secretary

Casey Alderson, Board Member

Charae Fidanza, Board Member

All Board Members receive mail at the address listed below.

Address of Southern Oregon Success Academy  
345 Merlin Road  
Merlin, Oregon 97532

**SOUTHERN OREGON SUCCESS ACADEMY**

**Year Ended June 30, 2022**

**Table of Contents**

	<u>Page</u>
<b>Independent Auditor’s Report</b>	A-1 – A-3
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet - Governmental Fund	3
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	4
<b>Notes to the Basic Financial Statements</b>	5 – 10
<b>Independent Auditor’s Report Required by Oregon State Regulations</b>	11

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Southern Oregon Success Academy  
Merlin, Oregon

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and the major fund of Southern Oregon Success Academy (the School), a discretely presented component unit of Three Rivers School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School, as of June 30, 2022, and the respective changes in financial position 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 (GAAS). 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 the School, 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 the School's ability to continue as a going concern for 12 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 GAAS 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 GAAS, 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 the School'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 the School'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 be presented to supplement the basic financial statements. Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by State Regulations**

In accordance with Oregon State Regulation, we have also issued our report dated December 21, 2022 on our consideration of the School's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-3200 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Jeny L. Grupe, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 21, 2022

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**SOUTHERN OREGON SUCCESS ACADEMY  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ <u>897,533</u>
<b>TOTAL ASSETS</b>	<u>897,533</u>
<b>LIABILITIES:</b>	
Accounts payable	<u>6,457</u>
<b>TOTAL LIABILITIES</b>	<u>6,457</u>
<b>TOTAL UNRESTRICTED NET POSITION</b>	<u><u>\$ 891,076</u></u>

**SOUTHERN OREGON SUCCESS ACADEMY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Change In Net Position</b>
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>In Net Position</b>	
Governmental activities:				
Instruction	\$ 660,145	\$ -	\$ -	\$ (660,145)
Support services	367,983	-	-	(367,983)
Total government activities	\$ 1,028,128	\$ -	\$ -	(1,028,128)
General revenues:				
State school fund - general support				1,835,072
Total general revenues				1,835,072
<b>CHANGE IN NET POSITION</b>				806,944
<b>NET POSITION - JULY 1, 2021</b>				84,132
<b>NET POSITION - JUNE 30, 2022</b>				\$ 891,076

**FUND FINANCIAL STATEMENTS**

**SOUTHERN OREGON SUCCESS ACADEMY  
BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2022**

	<u>General Fund</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ <u>897,533</u>
<b>TOTAL ASSETS</b>	<u>897,533</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	<u>6,457</u>
<b>TOTAL LIABILITIES</b>	<u>6,457</u>
Fund Balance:	
Unassigned	<u>891,076</u>
<b>TOTAL FUND BALANCE</b>	<u>891,076</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>897,533</u>
<b>Reconciliation to Statement of Net Position</b>	
Net position of governmental activities	<u><u>\$ 891,076</u></u>

**SOUTHERN OREGON SUCCESS ACADEMY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>
<b>REVENUES:</b>	
State school fund - general support	<u>\$ 1,835,072</u>
<b>TOTAL REVENUES</b>	<u>1,835,072</u>
<b>EXPENDITURES:</b>	
Current:	
Instruction	660,145
Support services	<u>367,983</u>
<b>TOTAL EXPENDITURES</b>	<u>1,028,128</u>
<b>NET CHANGE IN FUND BALANCE</b>	806,944
<b>FUND BALANCE - JULY 1, 2021</b>	<u>84,132</u>
<b>FUND BALANCE - JUNE 30, 2022</b>	<u>891,076</u>
<b>Reconciliation to Statement of Activities</b>	
Change in net position of governmental activities	<u><u>\$ 806,944</u></u>

**NOTES TO BASIC FINANCIAL STATEMENTS**

**SOUTHERN OREGON SUCCESS ACADEMY  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Southern Oregon Success Academy (the School) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**The Reporting Entity**

Southern Oregon Success Academy, a 501(c)(3) corporation, was incorporated as a non-profit corporation under ORS Chapter 338 and began operations in September 2020. The School was formed for the purpose of creating a community-based, technology infused, problem-solving curriculum for students in grades six through twelve and living within Three Rivers School District (the District). Support comes from the State of Oregon through the District. The allocated portion of state school funding passed through the District is directly related to the School's expenditures.

The Charter School is included as a discretely presented component unit within the District because it is governed by a separate school board. The criteria for including the School as a discretely presented component unit within the District's reporting entity, include whether 1) the District appoints a voting majority of the School's board; 2) the District is able to impose its will on the School; 3) the School has the potential to impose a financial benefit or burden on the District; and 4) there is fiscal dependency by the School on the District.

The more significant of the School's accounting policies are described below.

**Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the School. These statements include the governmental financial activities of the School. Governmental activities are financed primarily through payments of state school support passed through Three Rivers School District.

The Statement of Activities presents a comparison between direct expense and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function; therefore, are clearly identifiable to that function. Indirect expenses of the general government related to administration and support of the School's programs, such as personnel and accounting are allocated to programs based on their percentage of total primary government expenses. Program revenues may include: (1) charges to students or others for services, fees, rentals, material, or supplies that are provided, (2) operation grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including state support, are presented as general revenues.

Government-wide financial statements are reported using the economic resources measurement focus and 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 receives value without giving equal value in exchange include grants, entitlements, and donations which are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under 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, if there are both restricted and unrestricted net positions 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.

**SOUTHERN OREGON SUCCESS ACADEMY  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements**

The fund financial statements provide information about the School's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The School has only one fund, and that fund is a governmental fund which is reported as a major fund:

*General Fund* – This fund currently accounts for all financial resources and expenditures of the School. The principal revenue sources are payments of state school support passed through Three Rivers School District.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become susceptible to accrual (i.e. when they become measurable and available) and expenditures are recorded at the time the related fund liabilities are incurred. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under leases are reported as other financing sources. At June 30, 2022 the School had no such capital assets, long-term debt, or leases payable.

**Cash and Cash Equivalents**

The School's cash and cash equivalents consist of cash on hand and demand deposits held on their behalf by Three Rivers School District.

**Grants and Other Operating Revenues**

Under the modified accrual basis of accounting, the School receives funding from the Three Rivers School District through the State of Oregon based on the number of enrolled students. Unreimbursed grant expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

**Net Position/Fund Balance**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

*Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

*Restricted net position* – Consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

*Unrestricted net position* – Consists of all other net position that does not meet the definition of the above two components and is available for general use by the School.



**SOUTHERN OREGON SUCCESS ACADEMY  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position/Fund Balance (continued)**

In the fund financial statements, governmental fund equity is classified in the following categories:

*Non-Spendable* - Includes items not immediately converted to cash, such as prepaid items and inventory.

*Restricted* - Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

*Committed* - Includes items committed by the School's Board of Directors, by formal board action.

*Assigned* - Includes items assigned for specific uses, authorized by the School's management.

*Unassigned* - This is the residual classification used for those balances not assigned to another category.

It is the School's policy to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted net position is available. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable), and lastly unassigned fund balance.

**Budget**

The School is not required under Oregon Local Budget Law to prepare a budget. Therefore, the required supplementary general fund budget to actual schedule normally required under GAAP, is not included with these financial statements.

**Use of Estimates**

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**Tax-Exempt Status**

The School has adopted the income standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial effect for the School. The School is no longer subject to examinations by major tax jurisdictions for the years prior to 2018.

**SOUTHERN OREGON SUCCESS ACADEMY  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New GASB Pronouncements**

During the fiscal year ended June 30, 2022, the School implemented the following GASB Pronouncements:

GASB Statement No. 87, *Leases*. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. There is no effect on the School's financial statements as a result of this statement.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. There is no effect on the School's financial statements as a result of this statement.

GASB Statement No 92, *Omnibus 2020*. Issued January 2020, this statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, post-employment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. There is no effect on the School's financial statements as a result of this statement.

**Future GASB Pronouncements**

The following GASB pronouncements will be effective in years subsequent to June 30, 2022:

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 will be effective for the School for fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement will be effective for the School for fiscal year ending June 30, 2023.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences and is effective for the School for the fiscal year ending June 30, 2025.

The School is currently evaluating whether or not the above listed GASB pronouncements will have a significant impact to the School's financial statements.

**SOUTHERN OREGON SUCCESS ACADEMY  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 2 – CASH AND INVESTMENTS**

Cash and cash equivalents are comprised of the following as of June 30, 2022:

Demand deposits with financial institutions	<u>\$ 897,533</u>
---	-------------------

Cash and cash equivalents are shown on the basic financial statements as:

Statement of Net Position:	
Cash and cash equivalents	<u>\$ 897,533</u>

*Deposits* - The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the School at June 30, 2022. If bank deposits at year end are not entirely insured or collateralized with securities held by the School or by its agent in the School's name, the School must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For the fiscal year ended June 30, 2022, the carrying amounts of the School deposits in various financial institutions were \$897,533. All deposits are held on their behalf by the Three Rivers School District.

*Credit Risk* - State Statutes authorize the School to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The School has no formal investment policy that further restricts its investment choices.

*Custodial Credit Risk* - Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The School does not have a formal deposit policy for custodial credit risk.

*Concentration of Credit Risk* - The School is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The School has no such investments.

*Interest Rate Risk* - The School has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

**NOTE 3 – STUDENT ADM REVENUE - NET OF DISTRICT SPONSORSHIP**

The School operates under authority of Three Rivers School District who grants a charter to the School and exercises oversight as required by Oregon law. In return for sponsoring the Charter School and providing oversight, the District is also entitled under Oregon law to retain up to 20% of the School's enrollment-based revenue for grades 6 -12. The \$1,835,072 of ADM revenue received from the District during the fiscal year ending June 30, 2022, was net of the allowed 5% - 20% retainage.

**NOTE 4 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The School's operations are concentrated within Three Rivers School District boundaries. In addition, substantially all the School's revenues for continuing operations are from pass-through dollars from Three Rivers School District in the form of ADMw. The School may also receive various grants from the State of Oregon. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with the condition's precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**SOUTHERN OREGON SUCCESS ACADEMY  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 5 – RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage in the past three years.

**NOTE 6 – CLAIMS AND LITIGATION**

Management has represented that there are no contingent liabilities that require disclosure or recognition. Such contingent liabilities would include, but not be confined to: notes or accounts receivable have been discounted; pending suits; proceedings, hearings or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

**NOTE 7 – SUBSEQUENT EVENTS**

Management of the School has evaluated events and transactions occurring after June 30, 2022 through December 21, 2022, the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. There were no additional events and/or transactions that required recognition and disclosure in the financial statements.

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS**

## INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Board of Directors  
Southern Oregon Success Academy  
Merlin, Oregon

We have audited the basic financial statements of the Southern Oregon Success Academy (the School), a discretely presented component unit of Three Rivers School District, as of and for the year ended June 30, 2022, and have issued our report thereon dated December 23, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Compliance

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures but were not limited to the following:

- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Public contracts and purchasing ORS Chapters 279A, 279B, 279C.

In connection with our audit, nothing came to our attention that caused us to believe the School was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-0000 through 162-10-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

### OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the School's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

### Restrictions on Use

This report is intended solely for the information and use of management, Board of Directors of the School, the Oregon Secretary of State, Division of Audits and is not intended to be and should not be used by anyone other than these parties.



Jeny Grupe, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 21, 2022