

**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**

ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**YELLOWSTONE EDUCATION FOUNDATION  
dba YELLOWSTONE COLLEGE PREP  
(A Texas Nonprofit Organization)**

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**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**  
CDN: 101873  
**(Federal Employer Identification Number: 81-2280283)**  
**Certificate of Board**

We, the undersigned, certify that the attached Financial and Compliance Report of Yellowstone Education Foundation dba Yellowstone College Prep (the "School") was reviewed and (check one)  approved  disapproved for the year ended June 30, 2023, at a meeting of the governing body of the charter holder on the 11/14/2023.



Signature of Board Secretary



Signature of Board President



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Yellowstone Education Foundation dba Yellowstone College Prep

### ***Opinion***

We have audited the financial statements of Yellowstone Education Foundation dba Yellowstone College Prep (the "School"), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (US GAAP).

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) 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 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 opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, 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 within one year after the date that the financial statements are available to be issued.

### ***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 opinion. 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 US GAAS 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 US GAAS 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 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.

### ***Report on Summarized Comparative Information***

We have previously audited the School's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal 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 other supplementary information presented under table of contents are required by the Texas Education Agency and are presented for purposes of additional analysis and are 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



# McConnell Jones

statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the schedule of expenditures of federal awards and other supplementary information presented under table of contents, are fairly stated, in all material respects, in relation to the 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 November 14, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 School'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 School's internal control over financial reporting and compliance.

*McConnell & Jones LLP*

Houston, Texas  
November 14, 2023

# **FINANCIAL STATEMENTS**

**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 571,884	\$ 494,238
Due from TEA	564,060	351,155
Receivable from employee retention credit	-	295,385
Other assets	20,318	3,775
Total current assets	1,156,262	1,144,553
<b>TOTAL ASSETS</b>	<b>\$ 1,156,262</b>	<b>\$ 1,144,553</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 125,490	\$ -
Accrued liabilities	111,559	271,281
Total current liabilities	237,049	271,281
<b>TOTAL LIABILITIES</b>	<b>237,049</b>	<b>271,281</b>
Net Assets:		
Without donor restrictions	877,424	813,264
With donor restrictions	41,789	60,008
Total net assets	919,213	873,272
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,156,262</b>	<b>\$ 1,144,553</b>

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



**YELLOWSTONE EDUCATION FOUNDATION**  
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**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(With summarized financial information for 2022)

	Without Donor	With Donor	Totals	
	Restrictions	Restrictions	2023	2022
<b>REVENUES</b>				
Local support:				
Local revenues	\$ 81,052	\$ -	\$ 81,052	\$ 172,902
Total local support	81,052	-	81,052	172,902
State program revenues:				
Foundation school program	-	1,980,054	1,980,054	1,474,722
State program revenue distributed by TEA	-	9,402	9,402	1,686
Total state program revenues	-	1,989,456	1,989,456	1,476,408
Federal program revenues:				
School breakfast program	-	29,899	29,899	26,488
National school lunch program	-	81,276	81,276	51,707
USDA Commodities	-	13,817	13,817	13,360
Supply Chain Assistance	-	12,908	12,908	10,047
ESSA Title I, Part A	-	199,255	199,255	160,830
ESSA Title II, Part A	-	13,214	13,214	19,636
ESSA Title IV, Part A subpart 1	-	2,462	2,462	12,172
COVID 19 ESSER II	-	-	-	536,770
IDEA PART B formula	-	36,636	36,636	47,968
IDEA - IDEA-B Formula-ARP	-	-	-	11,301
COVID 19 ESSER III	-	647,540	647,540	20,764
Other federal revenue	-	99,435	99,435	-
SBA PPP loan forgiveness	-	-	-	346,048
Total federal program revenues	-	1,136,442	1,136,442	1,257,091
Net assets released from restrictions:				
Restrictions satisfied by payments	3,144,117	(3,144,117)	-	-
<b>TOTAL REVENUES</b>	<b>\$ 3,225,169</b>	<b>\$ (18,219)</b>	<b>\$ 3,206,950</b>	<b>\$ 2,906,401</b>
<b>EXPENSES</b>				
Program Services:				
Instruction and instructional-related services	\$ 1,622,961	\$ -	\$ 1,622,961	\$ 1,383,026
Instructional and school leadership	366,933	-	366,933	373,367
Support Services:				
Administrative support services	351,943	-	351,943	309,294
Support services - non-student based	255,736	-	255,736	345,275
Support services - student (pupil)	563,436	-	563,436	357,152
Community services	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>3,161,009</b>	<b>-</b>	<b>3,161,009</b>	<b>2,768,114</b>
CHANGE IN NET ASSETS	64,160	(18,219)	45,941	138,287
NET ASSETS, BEGINNING OF YEAR	813,264	60,008	873,272	734,985
NET ASSETS, END OF YEAR	\$ 877,424	\$ 41,789	\$ 919,213	\$ 873,272

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

**YELLOWSTONE EDUCATION FOUNDATION**  
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**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(With summarized financial information for 2022)

	Program Services			Supporting Services					
	Instruction & Instructional- Related Services	Instructional & School Leadership	Total Program Services	Administrative Support Services	Support Services - Non- Student Based	Support Services - Student (Pupil)	Total Support Services	2023 Total	2022 Total
EXPENSES									
Salaries	\$ 1,077,172	\$ 295,998	\$ 1,373,170	\$ 116,339	\$ -	\$ 60,304	\$ 176,643	\$ 1,549,813	\$ 1,463,555
Payroll taxes	848	4,044	4,892	1,676	-	1,001	2,677	7,569	21,221
Benefits	140,668	31,255	171,923	7,803	-	7,807	15,610	187,533	165,278
Total Payroll Expenses	1,218,688	331,297	1,549,985	125,818	-	69,112	194,930	1,744,915	1,650,054
Contracted services	140,650	25,258	165,908	198,964	204,059	41,553	444,576	610,484	556,484
Rent expense	-	-	-	16,203	20,623	110,478	147,304	147,304	119,616
Utilities	-	-	-	-	-	-	-	-	5,269
Transportation	-	-	-	-	-	201,048	201,048	201,048	155,453
Instructional materials	15,803	-	15,803	-	-	-	-	15,803	26,679
Food	-	-	-	-	-	127,005	127,005	127,005	95,119
Supplies	241,235	10,378	251,613	9,896	14,642	14,240	38,778	290,391	129,456
Insurance and bonding	-	-	-	-	16,412	-	16,412	16,412	24,165
Travel	6,585	-	6,585	1,062	-	-	1,062	7,647	5,819
Total Non-payroll Expenses	404,273	35,636	439,909	226,125	255,736	494,324	976,185	1,416,094	1,118,060
<b>TOTAL EXPENSES</b>	<b>\$ 1,622,961</b>	<b>\$ 366,933</b>	<b>\$ 1,989,894</b>	<b>\$ 351,943</b>	<b>\$ 255,736</b>	<b>\$ 563,436</b>	<b>\$ 1,171,115</b>	<b>\$ 3,161,009</b>	<b>\$ 2,768,114</b>

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

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**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
State grant receipts	\$ 1,865,157	\$ 1,607,480
Federal grant receipts	1,047,836	1,013,773
Receipts from miscellaneous sources	376,437	172,902
Payments to or on behalf of employees for services rendered	(1,904,637)	(1,687,670)
Payments to vendors for goods and services rendered	(1,307,147)	(1,031,578)
Net cash provided by operating activities	77,646	74,907
NET INCREASE IN CASH	77,646	74,907
CASH, BEGINNING OF YEAR	494,238	419,331
CASH, END OF YEAR	\$ 571,884	\$ 494,238
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ 45,941	\$ 138,287
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Loan forgiveness	-	(346,048)
Changes in operating assets and liabilities:		
Grants receivable	(212,905)	233,802
Receivable from employee retention credit	295,385	-
Other assets	(16,543)	81,954
Accounts payable	125,490	4,528
Accrued liabilities	(159,722)	(37,616)
Total adjustments	31,705	(63,380)
Net cash provided by operating activities	\$ 77,646	\$ 74,907

**SUPPLEMENTAL INFORMATION:**

**NON CASH INVESTING ACTIVITIES**

Decrease in debt related to PPP loan forgiveness	\$ -	\$ 346,048
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*The accompanying notes are an integral part of these financial statements.*

## **NOTES TO THE FINANCIAL STATEMENTS**

**YELLOWSTONE EDUCATION FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Yellowstone Education Foundation dba Yellowstone College Prep (the “School”) is a not-for-profit organization incorporated in the State of Texas in 2016 and is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The School is governed by a Board of Directors comprised of seven members. The Board of Directors is selected pursuant to the bylaws of the School and has the authority to make decisions, appoint the School’s Superintendent, and significantly influences operations. The Board of Directors has primary accountability for the fiscal affairs of the School.

Since the School receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

Corporate Operations

The School was organized to provide educational services to at-risk students in the Houston Metropolitan area in Texas. The programs, services, activities and functions are governed by the School’s Board of Directors. On November 15, 2017, the Texas State Board of Education granted the School an open-enrollment charter pursuant to Chapter 12 of the Texas Education Code. Pursuant to the program described in the charter application approved by the State Board of Education and the terms of the applicable Contract for Charter, the School opened on August 15, 2018, under a contract for charter executed on November 9, 2017, which expires on July 31, 2033.

The School is part of the public school system of the State of Texas and is, therefore, entitled to distributions from the State’s available school fund. The School does not have the authority to impose ad valorem taxes on its district or to charge tuition.

Basis of Accounting

The financial statements of the School have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Net assets and revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

**Net assets without donor restrictions** – These are resources that are not subject to donor-imposed stipulations and can be used for general operations of the School.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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**Net assets with donor restrictions** – These are resources that are subject to donor-imposed stipulations that may be met, either by actions of the School and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. The School did not have perpetual restrictions as of June 30, 2023 and 2022.

When both resources with donor restrictions and without donor restrictions are available for use, it is the School’s policy to use resources with donor restrictions first, then resources without restrictions as they are needed.

Revenue Recognition

The School accounts for contributions as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

State Foundation School Program revenues are recognized based on the reported student attendance. State and Federal grant revenues are recognized when services are rendered or when expenses in connection with those services are incurred. State program revenues are classified as revenues with donor restrictions per the requirements of the Texas Education Agency.

Functional Allocation of Expenses

Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation of buildings and improvements, maintenance and repairs, utility and occupancy costs and interest and debt service costs are allocated based on square footage.

Cash and Cash Equivalents

The School considers all monies in banks and highly liquid investments with maturities of three months or less from date of purchase to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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Due from Texas Education Agency (TEA)

Due from TEA represent pending reimbursements of program expenses incurred and billed as of June 30, 2023 and 2022 and expected to be received from the funding sources in the subsequent year. Management considers Due from TEA as of June 30, 2023 and 2022 in the amount of \$564,060 and \$351,155 respectively, to be fully collectible. Accordingly, no allowance for delinquent balances was made in the accompanying financial statements.

Capital Assets

Capital assets are defined by the School as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost and are depreciated over the estimated useful lives of the assets, using the straight-line method of depreciation. Expenditures for capital asset additions, major renewals and betterments of capital assets are capitalized, and maintenance and repairs are charged to expense as incurred. Donated capital assets are recorded as direct additions to net assets at fair value at the date of donation. The School did not have any capital assets as of June 30, 2023 and 2022.

Liquidity and Availability of Financial Assets

The School's financial assets available within one year of the statements of financial position date for general expenditures are as follow:

	<b>2023</b>	<b>2022</b>
Financial assets at year end:		
Cash	\$ 571,884	\$ 494,238
Grants receivable	564,060	351,155
Receivable from employee retention credit	-	295,385
Financial assets available to meet general expenditures over the next twelve months	\$ 1,135,944	\$ 1,140,778

As part of its liquidity management, the School has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

Federal Income Taxes

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. The School did not conduct unrelated business activities during the year ended June 30, 2023. Accordingly, the School did not provide for federal income taxes in the accompanying financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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The School applies the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740-10, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740-10 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The School believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the School's financial statements are the state funding receivables, and functional allocations of expenses.

Reclassifications

Certain amounts in the prior period financial statements have been classified to conform to the presentation of the current period financial statements. This reclassification has no effect on the previously reported change in net assets.

New Accounting Pronouncements Adopted

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02 – Leases (Topic 842), which supersedes existing guidance on leases and amends and supersedes a number of other paragraphs throughout the FASB ASC. 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. FASB delayed the leasing standard effective date for non-public entities to December 15, 2022. The new standard increases transparency and comparability among organizations by requiring the recognition of Right of Use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is recognizing ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The School adopted the standard effective July 1, 2022 (the beginning of the period of adoption) using a modified retrospective approach. The School elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts



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contain leases under the new standard (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The adoption resulted in no impact to the financial statements.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The amendments in this update improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirement in Subtopic 958-605 for those assets. The ASU is effective for annual periods beginning after June 15, 2021. The school has implemented this standard for the year ended June 30, 2023.

**NOTE 2: CONCENTRATION OF CREDIT AND BUSINESS RISKS**

The School maintains cash balances with a financial institution in the state. As of June 30, 2023 and 2022, the School's cash balances at the financial institution exceeded the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per customer by \$527,429 and \$262,119 respectively. Management believes that this credit risk exposure was mitigated by the financial strength of the banking institutions in which the deposits were held.

Credit risk associated with receivables is minimal due to the credit worthiness of the federal, state and local funding agencies.

The State of Texas and Federal Government altogether provided approximately 97% and 94% respectively, of the School's total revenues for the years ended June 30, 2023 and 2022.

**NOTE 3: NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2023 and 2022, the School had donor restricted net assets of \$41,789 and \$60,008 that consisted of the following, by program:

<b>Program</b>	<b>2023</b>	<b>2022</b>
Foundation School Program and Other State Aid	\$ -	\$ 30,000
Restricted for food program	41,789	30,008
	\$ 41,789	\$ 60,008

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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**NOTE 4: COMMITMENTS AND CONTINGENCIES**

The School receives funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the Texas Education Agency (TEA) and is subject to audit and adjustment. In addition, expenses charged to federal and state programs are subject to audit and adjustment by the grantor agencies. The programs administered by the School have multiple compliance requirements, and should state or federal auditors discover areas of noncompliance, the funds may be subject to refund if so determined by the TEA or the grantor agencies.

**NOTE 5: MULTIEMPLOYER PENSION PLANS**

The School contributes to the Teacher Retirement System of Texas (the “System” or “TRS”), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the School, but are the liability of the State of Texas. The System administers retirement and disability annuities, and death and survivor benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in the Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by writing to the System’s Communications Department, 1000 Red River Street, Austin, Texas 78701 or by calling the System’s Communications Department at 1-800-223-8778, or by downloading the report from the System’s Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications Heading.

The risk of participating in this multiemployer defined benefit pension plan is different from a single-employer plan because: (a) the School is a legally separate entity from the State of Texas, (b) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (c) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be required to be borne by the remaining participating employers, and (d) if an entity chooses to stop participating in the multiemployer plan, there is no withdrawal liability to the plan. The School has no plans to withdraw from its multiemployer plan.

TRS Comprehensive Annual Financial Report available dated August 31, 2022 indicated the following:

Name of Pension Fund	EIN and Plan Number	Total Plan Assets (in thousands)		Accumulated Benefit Obligations (in thousands)		% funded	
		2022	2021	2022	2021	2022	2021
TRS	N/A	\$207,621,898	\$223,172,755	\$243,553,045	\$227,273,464	75.62%	88.79%

**YELLOWSTONE EDUCATION FOUNDATION  
dba YELLOWSTONE COLLEGE PREP  
(A Texas Nonprofit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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The following presents information about the School's involvement of such multiemployer pension plan for the years ended June 30, 2023 and 2022:

<u>Collective Bargaining Agreement</u>	<u>School's Contributions 2023</u>	<u>School's Contributions 2022</u>	<u>More than 5% of Total Contributions</u>	<u>FIP/RP Status</u>	<u>Surcharge Imposed</u>
N/A	\$105,634	\$72,909	N/A	N/A	No

*Funding Policy*

Under provisions in State law, the System's plan members are required to contribute 8% of their annual covered salary for TRS Retirement and 0.65% of their annual covered salary to TRS Care. The State of Texas contributes an amount equal to 7.75% of the covered payroll of the participating employees compensated with State funds for TRS Retirement for TRS Care. The School employees' contributions to the TRS System were as follows:

	2023	2022
TRS Retirement	\$ 108,992	\$ 100,191
TRS Care	7,855	8,168
	\$ 116,847	\$ 108,359

The School's total contribution to the TRS System, for both TRS Retirement and TRS Care, were \$10,131 and \$9,424, respectively, for the years ended June 30, 2023 and 2022.

**NOTE 6: HEALTH CARE COVERAGE**

During the years ended June 30, 2023 and 2022, employees of the School were covered by a health insurance plan (the Plan). The School contributed, depending on the coverage option selected by the employees. Employees, at their option, authorized payroll deductions to pay contributions or premiums for dependents. All premiums were paid to licensed insurers.

**NOTE 7: CHARTER HOLDER OPERATIONS**

The School is a generation Twenty-Two Open-Enrollment Charter School. The charter holder did not conduct any other charter or non-charter activities. The charter holder's current charter is set to expire on July 31, 2033.

**YELLOWSTONE EDUCATION FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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**NOTE 8: EXPLANATION OF AMENDMENT TO THE BUDGET AND BUDGET VARIANCES**

Prior to the beginning of each school year, the School prepares and submits its annual budget for the next fiscal year. However, due to the significant inflows and outflows of students from the program, the budget must be amended on a regular basis. This has resulted in the variances between the original adopted budget and final amended budget presented on the Budgetary Comparison Schedule.

Management has taken steps to ensure that future related budgets are amended on a frequent basis to reflect changes in actual and budgeted amounts.

**NOTE 9: LICENSE AGREEMENT FOR SHARED SPACE**

In 2021 Yellowstone Education Foundation entered into an agreement with Yellowstone Academy. The terms of the agreement commence on July 1, 2021 and end on June 30, 2026 and determine the use of the shared facility at the rate defined by the Shared Services Rate Schedule. During the years ended June 30, 2023 and 2022 Yellowstone Education Foundation paid \$147,304 and \$119,616, respectively, in rental expenses to Yellowstone Academy.

**NOTE 10: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 14, 2023. This was the date the financial statements were available to be issued. No changes were made to the financial statements as a result of this evaluation.

## **SUPPLEMENTARY INFORMATION**

**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**  
**SUPPLEMENTAL STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(WITH SUMMARIZED INFORMATION FOR 2022)**

				Totals	
		Without Donor Restrictions	With Donor Restrictions	2023	2022
<b>REVENUES</b>					
Local support:					
5700	Local revenues	\$ 81,052	\$ -	\$ 81,052	\$ 172,902
	Total local support	<u>81,052</u>	<u>-</u>	<u>81,052</u>	<u>172,902</u>
State program revenues:					
5810	Foundation school program	-	1,980,054	1,980,054	1,474,722
5820	Other state revenue (TEA)	-	9,402	9,402	1,686
		<u>-</u>	<u>1,989,456</u>	<u>1,989,456</u>	<u>1,476,408</u>
Federal program revenues:					
5920	Federal revenues distributed by Texas Education Agency	-	1,024,099	1,024,099	911,043
5930	Federal revenues distributed by Texas Department of Agriculture	-	12,908	12,908	-
5940	Federal revenues distributed directly by federal government	-	99,435	99,435	346,048
	Total Federal Program Revenues	<u>-</u>	<u>1,136,442</u>	<u>1,136,442</u>	<u>1,257,091</u>
Net assets released from restrictions:					
	Satisfaction of program restrictions	<u>3,144,117</u>	<u>(3,144,117)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>		<u>\$ 3,225,169</u>	<u>\$ (18,219)</u>	<u>\$ 3,206,950</u>	<u>\$ 2,906,401</u>
<b>EXPENSES</b>					
Expenses:					
11	Instruction	\$ 1,397,728	\$ -	\$ 1,397,728	\$ 1,244,652
13	Curriculum development and instructional staff development	225,233	-	225,233	138,374
23	School leadership	366,933	-	366,933	373,367
31	Guidance, counseling and evaluation	55,173	-	55,173	35,174
32	Social work	9,382	-	9,382	13,154
33	Health services	23,585	-	23,585	34,903
34	Student (pupil) transportation	201,048	-	201,048	155,453
35	Food services	133,255	-	133,255	101,369
36	Cocurricular/extracurricular activities	30,515	-	30,515	17,099
41	General administration	335,740	-	335,740	309,294
51	Facilities maintenance and operations	163,848	-	163,848	142,788
53	Data processing services	218,569	-	218,569	202,487
<b>TOTAL EXPENSES</b>		<u>\$ 3,161,009</u>	<u>\$ -</u>	<u>\$ 3,161,009</u>	<u>2,768,114</u>
<b>CHANGE IN NET ASSETS</b>		64,160	(18,219)	45,941	138,287
<b>NET ASSETS, BEGINNING OF YEAR</b>		<u>813,264</u>	<u>60,008</u>	<u>873,272</u>	<u>734,985</u>
<b>NET ASSETS, END OF YEAR</b>		<u>\$ 877,424</u>	<u>\$ 41,789</u>	<u>\$ 919,213</u>	<u>\$ 873,272</u>

**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**  
**SCHEDULES OF EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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	<u>2023</u>	<u>2022</u>
6100 Payroll costs	\$ 1,744,915	\$ 1,650,054
6200 Professional and contracted services	949,367	829,104
6300 Supplies and materials	425,444	238,787
6400 Other operating costs	<u>41,283</u>	<u>50,169</u>
Total expenses	<u>\$ 3,161,009</u>	<u>\$ 2,768,114</u>

**YELLOWSTONE EDUCATION FOUNDATION**  
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**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Actual Compared to Final Budgeted Amounts		Explanation (See references)	Original Budget Compared to Final Budget		Explanation (See references)
	Original	Final		\$ Variance	% Variance		\$ Variance	% Variance	
Local support:									
5700	Local revenues	\$ 181,120	\$ 81,107	\$ 81,052	\$ (55)	0%	\$ (100,013)	-55%	{a}
	Total local support	181,120	81,107	81,052	(55)	0%	(100,013)	-55%	
State program revenues:									
5810	Foundation school program	1,856,768	2,018,557	1,980,054	(38,503)	-2%	161,789	9%	
5820	Other state revenue (TEA)	-	-	9,402	9,402	0%	-	0%	
	Total state support	1,856,768	2,018,557	1,989,456	(29,101)	-1%	161,789	9%	
Federal program revenues:									
5920	Federal revenues distributed by Texas Education Agency	1,253,244	1,070,718	1,024,099	(46,619)	-4%	(182,526)	-15%	{b}
5930	Federal revenues distributed by Texas Department of Agriculture	-	13,000	12,908	(92)	-1%	13,000	100%	{b}
5940	Federal revenues distributed directly by federal government	-	105,000	99,435	(5,565)	-5%	105,000	100%	{b}
	Total Federal Program Revenues	1,253,244	1,188,718	1,136,442	(52,276)	-10%	(64,526)	-5%	
<b>TOTAL REVENUES</b>		<b>\$ 3,291,132</b>	<b>\$ 3,288,382</b>	<b>\$ 3,206,950</b>	<b>\$ (81,432)</b>	<b>-2%</b>	<b>\$ (2,750)</b>	<b>0%</b>	

*Continued*



**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Actual Compared to Final Budgeted Amounts		Explanation (See references)	Original Budget Compared to Final Budget		Explanation (See references)
	Original	Final		\$ Variance	% Variance		\$ Variance	% Variance	
	Unaudited	Unaudited		Unaudited	Unaudited		Unaudited	Unaudited	
Expenses:									
11 Instruction	\$ 1,494,551	\$ 1,391,445	\$ 1,397,728	\$ (6,283)	0%		\$ 103,106	7%	
13 Curriculum development and instructional staff development	297,217	240,850	225,233	15,617	6%		56,367	19%	{c}
23 School leadership	285,838	367,600	366,933	667	0%		(81,762)	-29%	{d}
31 Guidance, counseling and evaluation	57,771	58,222	55,173	3,049	0%		(451)	-1%	
32 Social work	15,545	9,575	9,382	193	2%		5,970	38%	{e}
33 Health services	28,565	22,000	23,585	(1,585)	-7%		6,565	23%	{f}
34 Student (pupil) transportation	173,040	197,331	201,048	(3,717)	-2%		(24,291)	-14%	{g}
35 Food services	115,166	121,250	133,255	(12,005)	-10%		(6,084)	-5%	
36 Cocurricular/extracurricular activities	43,540	30,000	30,515	(515)	0%		13,540	31%	{h}
41 General administration	366,309	368,000	335,740	32,260	9%		(1,691)	0%	
51 Facilities maintenance and operations	172,352	176,562	163,848	12,714	7%		(4,210)	-2%	
53 Data processing services	218,469	238,454	218,569	19,885	8%		(19,985)	-9%	
<b>TOTAL EXPENSES</b>	<b>\$ 3,268,363</b>	<b>\$ 3,221,289</b>	<b>\$ 3,161,009</b>	<b>60,280</b>	<b>2%</b>		<b>47,074</b>	<b>1%</b>	
CHANGE IN NET ASSETS	22,769	67,093	45,941	(21,152)			44,324		
NET ASSETS, BEGINNING OF YEAR			873,272						
NET ASSETS, END OF YEAR			<u>\$ 919,213</u>						

Reference:

Variance between Amended budget and Original that exceed 10%

- {a} The variance is due to the ECF/USAC rebate grant that became active in the 22-23 year. Initially, the funding source was not made apparent to the LEA so a local code was used and then was later changed to a federal code in a budget amendment.
- {b} The variance is due to the ECF/USAC rebate grant that became active in the 22-23 year. Initially, the funding source was not made apparent to the LEA so a local code was used and then was later changed to a federal code in a budget amendment.
- {c} After the start of the year, PR roles/descriptions were reviewed and a function correction was made.
- {d} After the start of the year, PR roles/descriptions were reviewed and a function correction was made.
- {e} This Social Worker shared services position was not filled until mid-year.
- {f} There was a staffing change, including decreased salary, for the Clinic shared services position.
- {g} Budget needed to be increased due to transportation costs coming in more than anticipated due to increase in ridership.
- {h} Less athletic stipends were scheduled to be distributed than originally anticipated.

**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**

**SCHEDULE OF ASSETS**  
**AS OF JUNE 30, 2023**

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		Ownership Interest			
		Local	State	Federal	Total
1110	Cash	\$ -	\$ 504,718	\$ 67,166	\$ 571,884
	Total Cash	\$ -	\$ 504,718	\$ 67,166	\$ 571,884

**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**

**SCHEDULE OF REAL PROPERTY OWNERSHIP**  
**AS OF JUNE 30, 2023**

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Not Applicable

**YELLOWSTONE EDUCATION FOUNDATION**

**dba YELLOWSTONE COLLEGE PREP  
(A Texas Nonprofit Organization)**

**SCHEDULE OF RELATED PARTY TRANSACTIONS  
FOR THE YEAR ENDED JUNE 30, 2023**

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Not Applicable.

**YELLOWSTONE EDUCATION FOUNDATION**

**dba YELLOWSTONE COLLEGE PREP  
(A Texas Nonprofit Organization)**

**SCHEDULE OF RELATED PARTY COMPENSATION AND BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2023**

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Not Applicable.

**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**

**USE OF FUNDS – SELECT STATE OF ALLOTMENT PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Data Codes

Responses

**Section A: Compensatory Education Programs**

Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, 48.104.		
AP1	Did your School expend any state compensatory education program state allotment funds during the district’s fiscal year?	<b>Yes</b>
AP2	Does the School have written policies and procedures for its state compensatory education program?	<b>Yes</b>
AP3	List the total state allotment funds received for state compensatory education programs during the school’s fiscal year.	<b>\$312,999</b>
AP4	List the actual direct program expenditures for state compensatory education programs during the School’s fiscal year. (PICs 24, 26, 28, 29, 30, 34)	<b>\$313,106</b>

**Section B: Bilingual Education Programs**

Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, 48.105.		
AP5	Did your School expend any bilingual education program state allotment funds during the School’s fiscal year?	<b>No</b>
AP6	Does the School have written policies and procedures for its bilingual education program?	<b>No</b>
AP7	List the total state allotment funds received for bilingual education programs during the School’s fiscal year.	<b>N/A</b>
AP8	List the actual direct program expenditures for bilingual education programs during the School’s fiscal year. (PICs 25, 35)	<b>N/A</b>

**SINGLE AUDIT SECTION**

**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**  
**SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Pass-through programs from:			
Texas Education Agency			
COVID 19 - ESSER III Grant	84.425U	21528001101873	\$ 647,540
ESSA, Title I, Part A - Improving Basic Programs	84.010A	22610101101873	17,033
ESSA, Title I, Part A - Improving Basic Programs	84.010A	23610101101873	153,263
ESSA, Title I, School Improvement	84.010A	23610141101873	28,960
			199,255
ESSA, TITLE II, Part A-Supporting EF	84.367A	23694501101873	13,214
ESSA, Title IV Part A, Subpart 1	84.424A	23680101101873	2,462
IDEA - Part B, Formula	84.027A	226600011018736000	5,020
IDEA - Part B, Formula	84.027A	236600011018736000	31,616
			36,636
Total Passed Through Texas Education Agency			899,107
<b>Total U.S. Department of Education</b>			<b>899,107</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Pass-through programs from:			
Texas Education Agency			
National School Breakfast Program	10.553	71402201	6,283
National School Breakfast Program	10.553	71402301	29,170
			35,452
National School Lunch Program	10.555	71302201	11,195
National School Lunch Program	10.555	71302301	64,527
			75,722
Texas Department of Agriculture			
Supply Chain Assistance	10.555	226TX400N8903	12,280
USDA Commodities	10.565	236TX877Y8005	13,817
COVID-19 - Pandemic Electronic Benefit Transfer (P-EBT) Local Level Administrative Cost Grant	10.649	226TX109S9009	628
Total Passed Through Texas Education Agency and Texas Department of Agriculture			137,899
<b>Total U.S. Department of Agriculture</b>			<b>137,899</b>
<b>U.S. FEDERAL COMMUNICATIONS COMMISSION</b>			
Pass-through programs from:			
Universal Service Administrative Company			
USAC - Emergency Connectivity Fund	32.009	ECF202207863	99,435
Total Passed Through USAC			99,435
<b>Total Federal Communications Commission</b>			<b>99,435</b>
<b>Total Federal Awards</b>			<b>\$ 1,136,442</b>



**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**  
**SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes federal grant activities of the school under programs of the federal government for the year ended June 30, 2023. The information in the schedule is presented in accordance with the 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”). Because the schedule present only a selected portion of the operation of the school, they are not intended to and do not present the financial position, changes in net assets, and cash flows of the school.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in subpart e of the uniform guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. RELATIONSHIP TO FINANCIAL REPORT SUBMITTED TO GRANTOR AGENCIES**

Amounts reflected in the financial reports filed with grantor agencies for the programs and the supplementary schedules may not agree because of accruals which will be included in the next report filed with the agencies, matching requirements not included in the schedules and different program year ends.

**4. ELECTION TO USE 10% DE MINIMIS INDIRECT COST RATE**

The charter school has elected not to use the 10% de minimis indirect cost rate allowed under uniform guidance.

**5. COMMITMENTS AND CONTINGENCIES**

Federal grants received by the school are subject to review and audit by grantor agencies. The school’s management believes that the results of such audits will not have a material effect on the schedule.



**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**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of the Board of Directors of  
Yellowstone Education Foundation dba Yellowstone College Prep

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 Yellowstone Education Foundation dba Yellowstone College Prep (the "School"), a Texas nonprofit organization, which comprise the statement of financial position as of June 30, 2023, and 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 November 14, 2023.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McConnell & Jones LLP*

Houston, Texas  
November 14, 2023



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Yellowstone Education Foundation dba Yellowstone College Prep

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Yellowstone Education Foundation dba Yellowstone College Prep (the "School") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School 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 federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). 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 the School 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 federal program. Our audit does not provide a legal determination of the School'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 the School's federal 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 the School'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 U.S. GAAS, *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 the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *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 the School'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 the School'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 the School'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 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.



# McConnell Jones

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. Accordingly, this report is not suitable for any other purpose.

*McConnell & Jones LLP*

Houston, Texas  
November 14, 2023

**YELLOWSTONE EDUCATION FOUNDATION  
dba YELLOWSTONE COLLEGE PREP  
(A Texas Nonprofit Organization)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**PART I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statement Section**

- |    |  |            |
|----|--|------------|
| 1. | Type of auditor’s report issued:   | Unmodified |
| 2. | Internal control over financial reporting:   |            |
|    | a) Material weaknesses identified?   | No         |
|    | b) Significant deficiencies identified which are not considered to be material weaknesses? | No         |
|    | c) Noncompliance material to the financial statements noted?                               | No         |

**Federal Awards Section**

- |    |  |            |
|----|--|------------|
| 1. | Internal control over major programs:  |            |
|    | a) Material weaknesses identified?   | No         |
|    | b) Significant deficiencies identified which are not considered to be material weaknesses?                     | No         |
| 2. | Type of auditor’s report issued on compliance for major programs:  | Unmodified |
| 3. | Any audit findings disclosed, which are required to be reported in accordance with 2 CFR section 200.6.516(a)? | No         |
| 4. | Identification of major programs:  |            |

Federal - CFDA Number	Name of Federal Program/Cluster
84.425U	ESSER III

- |    |  |           |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B federal programs: | \$750,000 |
| 6. | Auditee qualified as a low-risk auditee under 2 CFR section 200.520?             | No        |

**YELLOWSTONE EDUCATION FOUNDATION  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**PART II: FINDINGS - FINANCIAL STATEMENT AUDIT**

This section identifies the significant deficiencies, material weaknesses, and instances of fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting under 2 CFR Section 200.515(d)(2).

**NONE NOTED**



**YELLOWSTONE EDUCATION FOUNDATION  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**PART III: STATE COMPLIANCE AND REPORTING REQUIREMENT**

**NONE NOTED**

**YELLOWSTONE EDUCATION FOUNDATION  
dba YELLOWSTONE COLLEGE PREP  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**PART IV: FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARDS**

**NONE NOTED**

**YELLOWSTONE EDUCATION FOUNDATION  
dba YELLOWSTONE COLLEGE PREP  
(A Texas Nonprofit Organization)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30,2023**

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**PART V: STATUS OF PRIOR YEAR FINDINGS**

**NOT APPLICABLE**