

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

ANNUAL FINANCIAL AND COMPLIANCE REPORT  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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

**TABLE OF CONTENTS**

---

<b>CERTIFICATE OF BOARD</b> .....	i
<b>INDEPENDENT AUDITOR’S REPORT</b> .....	1
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position .....	4
Statements of Activities (with summarized information for 2021).....	5
Statements of Functional Expenses (with summarized information for 2021).....	6
Statements of Cash Flows.....	7
<b>NOTES TO THE FINANCIAL STATEMENTS</b> .....	8
<b>SUPPLEMENTARY INFORMATION:</b>	
Supplemental Statements of Activities (with summarized information for 2021).....	16
Schedules of Expenses.....	17
Budgetary Comparison Schedule .....	18
Schedule of Real Property Ownweship .....	20
Schedule of Related Party Transactions .....	21
Schedule of Related Party Compensation and benefits .....	22
Use of Funds Report- Select State Allotment Programs .....	23
<b>SINGLE AUDIT:</b>	
Schedules of Expenditures of Federal Awards.....	24
Notes to schedule of expenditures on federal awards .....	25
 <b>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</b> .....	 26
 <b>REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</b> .....	 28
 Schedule of Findings and Questioned Costs .....	 31
Summary Schedule of Prior Audit Findings .....	35

**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)   x   approved        disapproved for the year ended June 30, 2022, at a meeting of the governing body of the charter holder on the November 14, 2022.

DocuSigned by:  
*John Peavy*  
B4B7382E139441E...  
\_\_\_\_\_  
Signature of Board Secretary

DocuSigned by:  
*[Signature]*  
049C74EAF493446...  
\_\_\_\_\_  
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, 2022 and 2021, 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, 2022 and 2021, 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, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 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, 2022 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.

Houston, Texas  
November 14, 2022

# **FINANCIAL STATEMENTS**

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

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 494,238	\$ 419,331
Grants receivable	351,155	584,957
Receivable from employee retention credit	295,385	295,385
Other assets	3,775	85,729
Total current assets	1,144,553	1,385,402
<b>TOTAL ASSETS</b>	<b>\$ 1,144,553</b>	<b>\$ 1,385,402</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 19,888	\$ 15,360
Accrued liabilities	251,393	289,009
Paycheck Protection Program loans	-	346,048
Total current liabilities	271,281	650,417
<b>TOTAL LIABILITIES</b>	<b>271,281</b>	<b>650,417</b>
 Net Assets:		
Without donor restrictions	813,264	676,437
With donor restrictions	60,008	58,548
Total net assets	873,272	734,985
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,144,553</b>	<b>\$ 1,385,402</b>

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



# YELLOWSTONE EDUCATION FOUNDATION

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

### STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022 (With summarized financial information for 2021)

	Without Donor	With Donor	Totals	
	Restrictions	Restrictions	2022	2021
<b>REVENUES</b>				
Local support:				
Local revenues	\$ 55,408	117,494	\$ 172,902	\$ 361,463
Total local and other revenues	<u>55,408</u>	<u>117,494</u>	<u>172,902</u>	<u>361,463</u>
State program revenues:				
Foundation school program	-	1,474,722	1,474,722	2,106,897
Other state revenue (TEA)	-	-	-	76,305
Other state revenue (not TEA)	-	200	200	-
Total state program revenues	<u>-</u>	<u>1,474,922</u>	<u>1,474,922</u>	<u>2,183,202</u>
Federal revenues distributed by TEA:				
School breakfast program	-	26,488	26,488	40,337
National school lunch program	-	51,707	51,707	69,200
USDA Commodities	-	13,360	13,360	-
Supply Chain Assistance	-	10,047	10,047	-
ESSA Title I, Part A	-	160,830	160,830	240,323
ESSA Title II, Part A	-	19,636	19,636	19,528
ESSA Title IV, Part A subpart 1	-	12,172	12,172	10,951
COVID 19 ESSER II	-	536,770	536,770	-
IDEA PART B formula	-	47,968	47,968	21,600
IDEA - IDEA-B Formula-ARP	-	11,301	11,301	-
Corona virus relief funds	-	-	-	62,236
ESSER I	-	-	-	113,923
COVID 19 ESSER III	-	20,764	20,764	103,512
Other federal revenues	-	1,486	1,486	-
Federal revenues distributed directly from the federal government:				
Other federal revenue - SBA PPP loan forgiveness	-	346,048	346,048	355,900
Total federal program revenues	<u>-</u>	<u>1,258,577</u>	<u>1,258,577</u>	<u>1,037,510</u>
Net assets released from restrictions:				
Restrictions satisfied by payments	<u>2,849,533</u>	<u>(2,849,533)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>\$ 2,904,941</u>	<u>\$ 1,460</u>	<u>\$ 2,906,401</u>	<u>\$ 3,582,175</u>
<b>EXPENSES</b>				
Program Services:				
Instruction and instructional-related services	\$ 1,383,026	\$ -	\$ 1,383,026	\$ 1,565,055
Instructional and school leadership	373,367	-	373,367	388,431
Support Services:				
Administrative support services	309,294	-	309,294	463,738
Support services - non-student based	345,275	-	345,275	653,072
Support services - student (pupil)	357,152	-	357,152	199,845
Community services	-	-	-	3,968
<b>TOTAL EXPENSES</b>	<u>2,768,114</u>	<u>-</u>	<u>2,768,114</u>	<u>3,274,109</u>
CHANGE IN NET ASSETS	136,827	1,460	138,287	308,066
NET ASSETS, BEGINNING OF YEAR	<u>676,437</u>	<u>58,548</u>	<u>734,985</u>	<u>426,919</u>
NET ASSETS, END OF YEAR	<u>\$ 813,264</u>	<u>\$ 60,008</u>	<u>\$ 873,272</u>	<u>\$ 734,985</u>

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

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

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
(With summarized financial information for 2021)

	Program Services			Supporting Services			Total Support Services	2022 Total	2021 Total
	Instruction & Instructional-Related Services	Instructional & School Leadership	Total Program Services	Administrative Support Services	Support Services - Non-Student Based	Support Services - Student (Pupil)			
SALARIES AND RELATED EXPENSES									
Salaries	\$ 997,448	\$ 297,694	\$ 1,295,142	\$ 126,137	\$ -	\$ 42,276	\$ 168,413	\$ 1,463,555	\$ 1,636,123
Payroll taxes	14,241	5,591	19,832	733	-	656	1,389	21,221	22,734
Benefits	120,928	32,899	153,827	8,037	-	3,414	11,451	165,278	180,855
Total Payroll Expenses	1,132,617	336,184	1,468,801	134,907	-	46,346	181,253	1,650,054	1,839,712
OTHER EXPENSES									
Contracted services	112,132	26,010	138,142	164,206	199,829	54,307	418,342	556,484	612,526
Rent expense	-	-	-	-	119,616	-	119,616	119,616	440,042
Utilities	5,269	-	5,269	-	-	-	-	5,269	9,751
Transportation	-	-	-	-	-	155,453	155,453	155,453	9,092
Instructional materials	26,679	-	26,679	-	-	-	-	26,679	82,143
Food	-	-	-	-	-	95,119	95,119	95,119	93,666
Supplies	102,670	11,173	113,843	8,021	1,665	5,927	15,613	129,456	167,663
Insurance and bonding	-	-	-	-	24,165	-	24,165	24,165	19,021
Travel	3,659	-	3,659	2,160	-	-	2,160	5,819	493
Total Non-payroll Expenses	250,409	37,183	287,592	174,387	345,275	310,806	830,468	1,118,060	1,434,397
<b>TOTAL EXPENSES</b>	<b>\$ 1,383,026</b>	<b>\$ 373,367</b>	<b>\$ 1,756,393</b>	<b>\$ 309,294</b>	<b>\$ 345,275</b>	<b>\$ 357,152</b>	<b>\$ 1,011,721</b>	<b>\$ 2,768,114</b>	<b>\$ 3,274,109</b>

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

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

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
State grant receipts	\$ 1,607,480	\$ 2,075,145
Federal grant receipts	1,013,773	681,610
Receipts from miscellaneous sources	172,902	66,078
Payments to or on behalf of employees for services rendered	(1,687,670)	(1,596,618)
Payments to vendors for goods and services rendered	(1,031,578)	(1,459,213)
Net cash provided by/(used in) operating activities	74,907	(232,998)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan received	-	346,048
Net cash provided by financing activities	-	346,048
NET INCREASE IN CASH	74,907	113,050
CASH, BEGINNING OF YEAR	419,331	306,281
CASH, END OF YEAR	\$ 494,238	\$ 419,331
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ 138,287	\$ 308,066
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Loan forgiveness	(346,048)	(355,900)
Changes in operating assets and liabilities:		
Decrease/(increase) in grants receivable	233,802	(108,057)
Increase in receivable from employee retention credit	-	(295,385)
Decrease/(increase) in other assets	81,954	(36,944)
Increase in accounts payable	4,528	12,128
(Decrease)/increase in accrued liabilities	(37,616)	243,094
Total adjustments	(63,380)	(541,064)
Net cash provided by/(used in) operating activities	\$ 74,907	\$ (232,998)

**SUPPLEMENTAL INFORMATION:**

NON CASH INVESTING ACTIVITIES

Decrease in debt related to PPP loan forgiveness	\$ 346,048	\$ 355,900
--	------------	------------

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

---

**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, 2023.

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.

**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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

---

the funds be maintained in perpetuity. The School did not have perpetual restrictions as of June 30, 2022 and 2021.

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.

Contributions

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.

Government Grants and Program Revenues

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

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. There were no cash equivalents as of June 30, 2022 and 2021.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

---

Grants Receivable

Grants receivable represent pending reimbursements of program expenses incurred and billed as of June 30, 2022 and 2021 and expected to be received from the funding sources in the subsequent year. Management considers grants receivable as of June 30, 2022 and 2021 in the amount of \$351,155 and \$584,957, respectively, to be fully collectible. Accordingly, no allowance for delinquent grants receivable was made in the accompanying financial statements.

Receivable from Employee Retention Credit

The Employee Retention Credit (ERC) is an IRS credit under the CARES Act that encourages businesses to keep employees on their payroll during the time of COVID. Entities are eligible if they have been mandated by the government to fully or partially close, or if the entity has a significant decline in gross receipts. The School qualified for the ERC for quarter four of 2020 and quarter one of 2021. As of June 30, 2022 and 2021, the School had ERC receivable in the amount of \$295,385. The school received the funds on August 8, 2022.

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, 2022 and 2021.

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>2022</b>	<b>2021</b>
Financial assets at year end:		
Cash	\$ 494,238	\$ 419,331
Grants receivable	351,155	584,957
Receivable from employee retention credit	295,385	295,385
Financial assets available to meet general expenditures over the next twelve months	\$ 1,140,778	\$ 1,299,673

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

---

Per the Texas Education Agency, Foundation School Program revenues should be classified as revenue with donor restrictions. However, the funds do not have a time restriction, but must be used for education purposes in accordance with State law. As such, there are cash and receivables that are due from the State and are available for use for educational purposes. 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, 2022. Accordingly, the School did not provide for federal income taxes in the accompanying financial statements.

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 June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08 – Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments require all entities, both



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

---

donors and recipients, to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction and whether contributions are conditional or unconditional. The School adopted ASU 2018-08 in 2021. 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 will not change the recognition and measurement requirements in Subtopic 958-605 for those assets. The School adopted ASU 2020-07 in 2022. The adoption resulted in no impact to the financial statements.

Pending Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued 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. This update will be effective for the School’s 2023 annual financial statements. Management is currently evaluating the impact this update will have on the School’s financial statements.

**2. CONCENTRATION OF CREDIT AND BUSINESS RISKS**

The School maintains cash balances with a financial institution in the state. As of June 30, 2022 and 2021, the School’s cash balances at the financial institution exceeded the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per customer by \$262,119 and \$255,903 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 94% and 90% respectively, of the School’s total revenues for the years ended June 30, 2022 and 2021.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

---

**3. NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2022 and 2021, the School had temporarily restricted net assets of \$60,008 and \$58,548 that consisted of the following, by program:

**TEMPORARILY RESTRICTED NET ASSETS**

<b>Program</b>	2022	2021
Foundation School Program and Other State Aid	\$ -	\$ 36,709
Restricted for transportation	30,000	-
Restricted for food program	30,008	21,839
	\$ 60,008	\$ 58,548

**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.

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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 November 20, 2021 indicated the following:

Name of Pension Fund	EIN and Plan Number	Total Plan Assets (in thousands)		Accumulated Benefit Obligations (in thousands)		% funded	
		2021	2020	2021	2020	2021	2020
TRS	N/A	\$223,172,755	\$184,361,871	\$227,273,464	\$218,974,205	88.79%	75.54%

The following presents information about the School's involvement of such multiemployer pension plan for the years ended June 30, 2022 and 2021:

<u>Collective Bargaining Agreement</u>	<u>School's Contributions 2022</u>	<u>School's Contributions 2021</u>	<u>More than 5% of Total Contributions</u>	<u>FIP/RP Status</u>	<u>Surcharge Imposed</u>
N/A	\$72,909	\$82,369	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:

	2022	2021
TRS Retirement	\$ 100,191	\$ 109,355
TRS Care	8,168	9,230
	<u>\$ 108,359</u>	<u>\$ 118,585</u>

The School's total contribution to the TRS System, for both TRS Retirement and TRS Care, were \$9,424 and \$10,653, respectively, for the years ended June 30, 2022 and 2021.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

---

**6. HEALTH CARE COVERAGE**

During the years ended June 30, 2022 and 2021, 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.

**7. PAYCHECK PROTECTION PROGRAM LOAN**

On March 11, 2020, the World Health Organization classified the global outbreak of COVID-19 as a pandemic. As a result of the CARES Act, the Paycheck Protection Program (PPP) was established. The School successfully applied and received its first PPP loan for \$355,900 under the Small Business Administration's PPP in April 2020. The loan was forgiven in March 2021, as the School had met all of the criteria and expended the funds appropriately. The School adopted the guidance in FASB ASC 405-20-40-1 and recognized revenue during fiscal year 2021 upon forgiveness of the PPP loan.

Effective April 17, 2021, the School executed a promissory note agreement for its second PPP loan in the amount of \$346,048. The loan bears interest as a fixed rate of 1.00% per annum and matures April 17, 2026. The School adopted the guidance in FASB ASC 405-20-40-1 and recognized the entire amount of the loan received as a liability as of June 30, 2021. The loan was forgiven on March 2022 and recognized as revenue during fiscal year 2022 upon forgiveness of the PPP loan.

**8. 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, 2023.

**9. 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.

**10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 14, 2022. 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, 2022**  
**(WITH SUMMARIZED INFORMATION FOR 2021)**

				Totals	
		Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>REVENUES</b>					
Local support:					
5700	Local revenues	\$ 55,408	\$ 117,494	\$ 172,902	\$ 361,463
	Total local support	<u>55,408</u>	<u>117,494</u>	<u>172,902</u>	<u>361,463</u>
State program revenues:					
5810	Foundation school program	-	1,474,722	1,474,722	2,106,897
5820	Other state revenue (TEA)	-	200	200	76,305
		<u>-</u>	<u>1,474,922</u>	<u>1,474,922</u>	<u>2,183,202</u>
Federal program revenues:					
5920	Federal revenues distributed by Texas Education Agency	-	912,529	912,529	681,610
5940	Federal revenues distributed directly by federal government	-	346,048	346,048	355,900
	Total Federal Program Revenues	<u>-</u>	<u>1,258,577</u>	<u>1,258,577</u>	<u>1,037,510</u>
Net assets released from restrictions:					
	Satisfaction of program restrictions	<u>2,849,533</u>	<u>(2,849,533)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>		<u>\$ 2,904,941</u>	<u>\$ 1,460</u>	<u>\$ 2,906,401</u>	<u>\$ 3,582,175</u>
<b>EXPENSES</b>					
Expenses:					
11	Instruction	\$ 1,244,652	\$ -	\$ 1,244,652	\$ 1,509,790
13	Curriculum development and instructional staff development	138,374	-	138,374	55,265
23	School leadership	373,367	-	373,367	388,431
31	Guidance, counseling and evaluation	35,174	-	35,174	-
32	Social work	13,154	-	13,154	59,173
33	Health services	34,903	-	34,903	21,107
34	Student (pupil) transportation	155,453	-	155,453	9,092
35	Food services	101,369	-	101,369	110,473
36	Cocurricular/extracurricular activities	17,099	-	17,099	-
41	General administration	309,294	-	309,294	463,738
51	Facilities maintenance and operations	142,788	-	142,788	485,215
53	Data processing services	202,487	-	202,487	167,857
61	Community services	-	-	-	3,968
	<b>TOTAL EXPENSES</b>	<u>\$ 2,768,114</u>	<u>\$ -</u>	<u>\$ 2,768,114</u>	<u>3,274,109</u>
<b>CHANGE IN NET ASSETS</b>		136,827	1,460	138,287	308,066
<b>NET ASSETS, BEGINNING OF YEAR</b>		<u>676,437</u>	<u>58,548</u>	<u>734,985</u>	<u>426,919</u>
<b>NET ASSETS, END OF YEAR</b>		<u>\$ 813,264</u>	<u>\$ 60,008</u>	<u>\$ 873,272</u>	<u>\$ 734,985</u>

**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**  
**SCHEDULES OF EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

---

	<u>2022</u>	<u>2021</u>
6100 Payroll costs	\$ 1,650,054	\$ 1,839,712
6200 Professional and contracted services	829,104	1,070,762
6300 Supplies and materials	238,787	336,957
6400 Other operating costs	<u>50,169</u>	<u>26,678</u>
Total expenses	<u>\$ 2,768,114</u>	<u>\$ 3,274,109</u>

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

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Actual Compared to Final Budgeted Amounts		Explanation (See references) Unaudited	Original Budget Compared to Final Budget		Explanation (See references) Unaudited	
	Original	Final		\$ Variance	% Variance		\$ Variance	% Variance		
Local support:										
5700	Local revenues	\$ 501,793	\$ 521,595	\$ 172,902	\$ (348,693)	-67%	{a}	\$ 19,802	4%	
	Total local support	501,793	521,595	172,902	(348,693)	-67%		19,802	4%	
State program revenues:										
5810	Foundation school program	1,938,787	1,475,768	1,474,722	(1,046)	0%		(463,019)	-24%	{c}
5820	Other state revenue (TEA)	-	-	200	200	0%		-	0%	
		1,938,787	1,475,768	1,474,922	(846)	0%		(463,019)	-24%	
Federal program revenues:										
5920	Federal revenues distributed by Texas Education Agency	999,644	881,210	912,529	31,319	4%		(118,434)	-12%	{d}
5940	Federal revenues distributed directly by federal government	-	-	346,048	346,048	0%		-	100%	{b}
	Total Federal Program Revenues	999,644	881,210	1,258,577	377,367	4%		(118,434)	-12%	
<b>TOTAL REVENUES</b>		<b>\$ 3,440,224</b>	<b>\$ 2,878,573</b>	<b>\$ 2,906,401</b>	<b>\$ 27,828</b>	<b>1%</b>		<b>\$ (561,651)</b>	<b>-16%</b>	

*Continued*



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

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Actual Compared to Final Budgeted Amounts		Explanation (See references) Unaudited	Original Budget Compared to Final Budget		Explanation (See references) Unaudited
	Original	Final		\$ Variance	% Variance		\$ Variance	% Variance	
Expenses:									
11 Instruction	\$ 1,221,565	\$ 1,281,113	\$ 1,244,652	\$ 36,461	3%		\$ (59,548)	-5%	
12 Instructional resources and media	16,800	-	-	-	0%		16,800	100%	{e}
13 Curriculum development and instructional staff development	63,750	135,226	138,374	(3,148)	-2%		(71,476)	-112%	{f}
23 School leadership	561,125	378,177	373,367	4,810	1%		182,948	33%	{g}
31 Guidance, counseling and evaluation	51,616	35,174	35,174	-	0%		16,442	32%	{h}
32 Social work	16,393	13,062	13,154	(92)	-1%		3,331	20%	{i}
33 Health services	42,153	34,916	34,903	13	0%		7,237	17%	{j}
34 Student (pupil) transportation	159,157	155,867	155,453	414	0%		3,290	2%	
35 Food services	152,491	95,832	101,369	(5,537)	-6%		56,659	37%	{k}
36 Cocurricular/extracurricular activities	153,632	16,947	17,099.00	(152)	0%		136,685	89%	{l}
41 General administration	476,987	320,558	309,294	11,264	4%		156,429	33%	{m}
51 Facilities maintenance and operations	458,727	146,852	142,788	4,064	3%		311,875	68%	{n}
53 Data processing services	101,253	210,554	202,487	8,067	4%		(109,301)	-108%	{o}
<b>TOTAL EXPENSES</b>	<b>\$ 3,475,649</b>	<b>\$ 2,824,278</b>	<b>\$ 2,768,114</b>	<b>56,164</b>	<b>2%</b>		<b>651,371</b>	<b>19%</b>	
CHANGE IN NET ASSETS	(35,425)	54,295	138,287	83,992			89,720		
NET ASSETS, BEGINNING OF YEAR			734,985						
NET ASSETS, END OF YEAR			<u>\$ 873,272</u>						

Reference:

Variance between Amended budget and Original that exceed 10%

{a} PPP revenue of \$346,048 was determined to be a federal revenue instead of local.

Variance between Original and Amended budget that exceed 10%

{b} PPP revenue of \$346,048 was determined to be a federal revenue instead of local.

{c} Enrollment and attendance were lower than anticipated this year.

{d} Due to lower enrollment the food program budget decreased. Also, the School implemented measures to save ESSER Grant funds for future use.

{e} The School implemented measures to save ESSER Grant funds for future use.

{f} The School made budgetary reclassifications to improve function coding precision.

{g} The School made budgetary reclassifications to improve function coding precision.

{h} The School adjusted it's staffing in order to accommodate a lower enrollment.

{i} This budget was adjusted to conform to the shared service rate schedule.

{j} The School was uncertain what costs would be at original budget approval.

{k} Due to lower enrollment the food program budget decreased.

{l} The School made budgetary reclassifications to improve function coding precision.

{m} The School made budgetary reclassifications to improve function coding precision.

{n} The shared services schedule was amended and YCP owed less rent than originally planned.

{o} The School made budgetary reclassifications to improve function coding precision.

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

**SCHEDULE OF REAL PROPERTY OWNERSHIP**  
**FOR THE YEAR ENDED JUNE 30, 2022**

---

Not Applicable.

**YELLOWSTONE EDUCATION FOUNDATION**

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

**SCHEDULE OF RELATED PARTY TRANSACTIONS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

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, 2022**

---

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, 2022**

**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>\$243,473</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>\$248,044</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>Yes</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, 2022**

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 II Grant	84.425D	21521001101873	\$ 536,770
COVID 19 - ESSER III Grant	84.425U	21528001101873	20,764
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101101873	11,422
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101101873	149,408
IDEA - Part B, Formula	84.027A	216600011018736000	14,801
IDEA - Part B, Formula	84.027A	226600011018736000	33,167
IDEA - IDEA-B Formula-ARP	84.027X	225350011018735000	11,301
ESEA, TITLE II, Part A-Supporting EF	84.367A	22694501101873	19,636
ESSA, Title IV Part A, Subpart 1	84.424A	22680101101873	12,172
Total Passed Through Texas Education Agency			<u>809,441</u>
<b>Total U.S. Department of Education</b>			<b><u>809,441</u></b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Pass-through programs from:			
Texas Education Agency			
National School Breakfast Program	10.553	71402201	26,488
National School Lunch Program	10.555	71302101	51,707
USDA Commodities	10.565		13,360
Supply Chain Assistance	10.555		10,047
EOC Reimbursement	10.555		1,486
Total Passed Through Texas Education Agency			<u>103,088</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>103,088</u></b>
<b>Total Federal Awards</b>			<b><u>912,529</u></b>
Federal revenues distributed directly from the federal government:			
Other federal revenue - SBA PPP loan forgiveness*			346,048
Total federal program revenues			<u><u>\$ 1,258,577</u></u>

\*PPP loan forgiveness is not subject to single audit

**YELLOWSTONE EDUCATION FOUNDATION**  
**dba YELLOWSTONE COLLEGE PREP**  
**(A Texas Nonprofit Organization)**  
**SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022. 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, 2022, 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, 2022.

**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.

Houston, Texas  
November 14, 2022



**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, 2022. 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, 2022.

***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.

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.

Houston, Texas  
November 14, 2022

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

**PART 1 – 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:  |            |

<b>Federal - CFDA Number</b>	<b>Name of Federal Program/Cluster</b>
84.425D	ESSER II
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  
dba YELLOWSTONE COLLEGE PREP  
(A Texas Nonprofit Organization)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

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

**NONE NOTED**



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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

**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, 2022**

---

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

**NOT APPLICABLE**