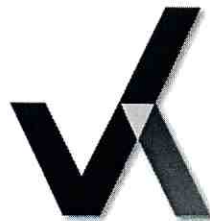


Oklahoma Virtual Charter Academy SY 22 Audit
Board Approved November 10, 2022

**AUDITED FINANCIAL STATEMENTS - REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**OKLAHOMA SKYNET, INC.
dba
OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2,
OKLAHOMA COUNTY, OKLAHOMA**

JUNE 30, 2022



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2
OKLAHOMA COUNTY, OKLAHOMA
JUNE 30, 2022

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OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2
OKLAHOMA COUNTY, OKLAHOMA
JUNE 30, 2022

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**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2
OKLAHOMA COUNTY, OKLAHOMA
SCHOOL OFFICIALS
JUNE 30, 2022**

BOARD OF EDUCATION

President	Carla Maloy
Clerk	Bryoney Blakely
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HEAD OF SCHOOL

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BUSINESS MANAGER

Conrad Michka

TREASURER

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JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Oklahoma Virtual Charter Academy School District No. Z-2
Midwest City, Oklahoma 73130

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Oklahoma Virtual Charter Academy School District No. Z-2, Midwest City, Oklahoma (the "Virtual School") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the following paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2022, and the revenues collected and expenditures paid and encumbered, of each fund type, for the year then ended, on the regulatory basis of accounting described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the previous paragraph, the basic financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Oklahoma Virtual Charter Academy School District No. Z-2, Oklahoma County, Oklahoma as of June 30, 2022, or the revenues, expenses, and changes in net position and, where applicable, its cash flows for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oklahoma Virtual Charter Academy Virtual School No. Z-2, Midwest City, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed assets account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1, the financial statements are prepared by the Oklahoma Virtual Charter Academy School District No. Z-2, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education as described in Note 1, to meet the financial reporting requirements of the State of Oklahoma. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Virtual School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Virtual 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 Virtual 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The combining fund statements, regulatory basis, listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements-regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements-regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole on the regulatory basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 6, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 District'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 District's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

November 6, 2022

COMBINED FINANCIAL STATEMENTS

OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2022

	GOVERNMENTAL FUND TYPES	FIDUCIARY FUND TYPES EXPENDABLE TRUST AND AGENCY FUND	TOTALS (MEMO. ONLY)
<u>ASSETS</u>	<u>GENERAL</u>		
Cash	\$ 2,691,983	13,957	2,705,940
Total assets	<u>2,691,983</u>	<u>13,957</u>	<u>2,705,940</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Warrants payable	1,050,087		1,050,087
Encumbrances	1,631,856		1,631,856
Funds held for school organizations		13,957	13,957
Total liabilities	<u>2,681,943</u>	<u>13,957</u>	<u>2,695,900</u>
Fund balances			
Restricted for:			
Unassigned	10,040		10,040
Total fund balances	<u>10,040</u>	<u>-</u>	<u>10,040</u>
Total liabilities and fund balances	<u>\$ 2,691,983</u>	<u>13,957</u>	<u>2,705,940</u>

The notes to the combined financial statements are an integral part of this statement

OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH
FUND BALANCES REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2022

	<u>GOVERNMENTAL</u> <u>FUND TYPES</u>
	<u>GENERAL</u>
Revenues	
Local sources	\$ 10,040
State sources	18,283,753
Federal sources	4,568,454
Total revenues	<u>22,862,247</u>
Expenditures	
Instruction	17,182,181
Support services	5,715,835
Total expenditures	<u>22,898,016</u>
Revenues over (under) expenditures	(35,769)
Other financing sources (uses)	
In-kind contribution	4,961,431
Non-categorical - See Note 4	(4,961,431)
Lapsed appropriations	29,877
Estopped warrants	25
Total other financing sources (uses)	<u>29,902</u>
Revenue and other sources over (under) expenditures and other uses	(5,867)
Cash fund balance, beginning of year	<u>15,907</u>
Cash fund balance, end of year	<u><u>\$ 10,040</u></u>

The notes to the combined financial statements are an integral part of this statement

**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - BUDGETED GENERAL FUND
JUNE 30, 2022**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources			10,040
State sources	22,999,851	22,999,851	18,283,753
Federal sources	7,294,899	7,294,899	4,568,454
Total revenues	<u>30,294,750</u>	<u>30,294,750</u>	<u>22,862,247</u>
Expenditures			
Instruction			17,182,181
Support services			5,715,835
Non-categorical	30,310,657	30,310,657	
Total expenditures	<u>30,310,657</u>	<u>30,310,657</u>	<u>22,898,016</u>
Revenues over (under) expenditures	(15,907)	(15,907)	(35,769)
Other financing sources (uses)			
In-kind contribution			4,961,431
Non-categorical - See Note 4			(4,961,431)
Lapsed appropriations			29,877
Estopped warrants			25
Total other financing sources (uses)			<u>29,902</u>
Revenue and other sources over (under) expenditures and other uses	(15,907)	(15,907)	(5,867)
Cash fund balance, beginning of year	<u>15,907</u>	<u>15,907</u>	<u>15,907</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>10,040</u>

The notes to the combined financial statements are an integral part of this statement

**NOTES TO THE
COMBINED FINANCIAL STATEMENTS**

OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Oklahoma Virtual Charter Academy No. Z-2 (the "School") conform to the regulatory basis of accounting, which is an other comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The School's accounting policies are described in the following notes that are an integral part of the School's financial statements. The School has adopted the Governmental Accounting Standards Board (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which redefines the fund balance classifications from the previous two (2) into a possible five (5) classifications.

A. Reporting Entity

The School is a not for profit corporation in the State of Oklahoma filed with the Secretary of State as Oklahoma Skynet, Inc. on April 27, 2011. The School is recognized by the Internal Revenue Service as an exempt organization under section 501(c)(3) of the Internal Revenue Service Code.

The School is part of the public-school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on state of Oklahoma support. The general operating authority for the public-school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the School is the Board of Education composed of appointed members. The appointed Head of Schools is the executive officer of the School.

In evaluating how to define the School, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential

OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Significant Accounting Policies- contd.

A. Reporting Entity- contd.

component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the School and/or its citizens, or whether the activity is conducted within the geographic boundaries of the School and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the School is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the School's reporting entity, however, the school does have related parties.

B. Measurement Focus

The accounts of the School are organized and operate on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The School has the following fund type:

Governmental funds - are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). Basis of accounting refers to when the revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. All revenues from all sources, including entitlements, grants, and shared revenues are recognized when they are received rather than earned.

Expenditures are generally recognized when encumbered or reserved rather than at the time the related liability is incurred. Compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. These practices differ from generally accepted accounting principles.

OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

1. **Summary of Significant Accounting Policies- contd.**

B. Measurement Focus - contd.

Governmental funds include the following fund type:

General Fund – is the primary operating fund of the School. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use. Major revenue sources include state funding passed through the Statewide Virtual Charter School Board, and various local sources and state grants. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund also accounts for federal and state financed programs where restricted monies must be expended for specific programs. When the School incurs and expense for which it may use either restricted or unrestricted funds, it uses restricted resources first.

C. Basis of Accounting and Presentation

The School prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

The financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as assets.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure and liability when the obligation is paid.

**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

1. **Summary of Significant Accounting Policies- contd.**

C. Basis of Accounting and Presentation – contd.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned.

D. Assets, Liabilities, Cash Fund Balance, Revenues and Expenditures

Deposits and Investments – State statutes govern the School’s investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The School invests entirely in certificates of deposit, U. S. Treasury Securities, and participates in the Secured Investment Program of Oklahoma State School Boards Association, as authorized by Oklahoma Statutes Title 62, Section 348.

Fair Value of Financial Instruments – The School’s financial instruments include cash and investments. The School’s estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Estimates – The preparation of financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inter-fund Transactions – Inter-fund transactions are accounted for as revenues, expenditures or expenses. Transactions constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers.

OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Significant Accounting Policies- contd.

D. Assets, Liabilities, Cash Fund Balance, Revenues and Expenditures- contd.

Inventories – Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the School's financial statements. The cost of inventories are recorded as expenditures when encumbered and purchased rather than when consumed.

Fixed Assets – The regulatory basis of accounting prescribed by the Oklahoma State Board of Education does not require the presentation of a General Fixed Asset Account Group. As a result, the School has not maintained a record of its general fixed assets, and, accordingly, a statement of general fixed assets required by generally accepted accounting principles prior to the issuance of GASB No. 34, is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

Cash Fund Balance Classifications –

Restricted Cash Fund Balance – Cash fund balance should be reported as restricted when constraints placed on the use of resources are either;

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

Unassigned Cash Fund Balance – Unassigned cash fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Local Revenues – Local sources of revenues include interest earnings, tuition, fees, rentals, disposals, commissions and reimbursements.

State and Per Capita Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to schools. For purposes of funding, a charter school is considered a site within the school district in which the charter school is located. A charter school is to receive from the sponsoring district, the state aid revenue generated by its students for the applicable year,

**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

1. Summary of Significant Accounting Policies- contd.

D. Assets, Liabilities, Cash Fund Balance, Revenues and Expenditures- contd.

less up to 3% of the total, which will be charged by the sponsoring school district as a fee for the administrative services rendered.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The School receives revenue from the state (through their sponsor) to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires categorical educational program revenues be accounted for in the general fund.

The aforementioned state revenues are apportioned to the School's general fund. State revenues received indirectly from the Statewide Virtual Charter School Board are shown in the report as "State sources."

Federal Revenues - Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass-through from another government, such as the state. Entitlement is the amount of payment to which the School is entitled pursuant to an allocation formula contained in applicable statutes. There were no federal revenues received by the School in the current fiscal year.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach

**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

1. Summary of Significant Accounting Policies- contd.

D. Assets, Liabilities, Cash Fund Balance, Revenues and Expenditures- contd.

for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures - Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures - Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

Other Outlays/Uses Expenditures - A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest) when applicable. Other uses include scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure for self-funded employee benefit programs administered either by the School or a third-party administrator.

Repayment Expenditures - Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from School funds.

2. Stewardship, Compliance and Accountability

Budgetary Information

The School is required by state law to prepare an annual budget. Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for

**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

2. Stewardship, Compliance and Accountability

Budgetary Information – contd.

supplemental appropriations and approved transfers between budget categories. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown as original budget and final budget.

Encumbrances represent commitments related to underperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all Governmental Fund of the School. Purchase orders or contracts document encumbrance for goods or purchased services. Under Oklahoma law, unencumbered appropriations lapse at year-end.

3. Detailed Notes Concerning the Funds

Deposits and Investments

Custodial Credit Risk

Exposure to custodial credit risk related to deposits exists when the School holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the School's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the School holds investments that are uninsured and unregistered with securities held by the counterparty or by its trust department or agent but not in the School's name.

The School's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct obligations of the state, municipalities, counties, and schools in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the School must have a written collateral agreement approved by the board of directors or loan committee.

**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

3. Detailed Notes Concerning the Funds

Deposits and Investments – contd.

At June 30, 2022, the School held deposits of approximately \$2,705,940 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The School has no policy that limits its investment choices other than the limitation of state law that generally authorize investment in:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposits or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime banker's acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipations notes of public trusts whose beneficiary is a county, municipality or school.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

There were no investments as of June 30, 2022.

**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

4. Other Information

A. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

B. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School continues to carry commercial insurance for these risks, including general and auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

C. Employee Retirement System and Plan

The School has chosen not to participate in the Oklahoma Teacher's Retirement System.

D. Related Parties

All officers of the School are employees of K12, Inc. (K12). K12 provides certain services to the School (see Note 4-F). The School makes payments to K12 for educational products, professional services and reimbursements (see Note 4-F). A provision in the K12 agreement provides for the issuance of accommodation credits to ensure the School does not end a fiscal year in a negative net asset position. At June 30, 2022, in-kind contributions (see Note 4-E) were \$4,961,431, which was the net result of the total billed amount from K12 of \$25,976,248 less payments made of \$20,560,422 and reserve for encumbrances of \$454,395.

E. In-kind Contributions

As mentioned in the related party note above (see Note 4-D), the School has an agreement with K12, whereby, if the total expenditures exceed the amount of funds available, the related party, K12, will issue a "deficit credit" or what is referred to in the financial pages

**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

E. In-kind Contributions – cont'd

as an in-kind contribution for the amount of expenditures that would cause the School to go into a fund balance deficit. Any excess expenditure owed to the related party is thus forgiven.

F. Commitments

Management Agreement – On July 1, 2011, the School entered into a ten-year agreement, subject to annual renewal by the Board of Education, with K12 to provide management and technology services. The fee for the management and technology services is based on a percentage of qualified revenues. The rate in effect for the year ended June 30, 2022 was 12% for management services and 7% for technology services – for a total of 19% of qualified revenues. K12 also provides materials, curriculum, and computers to the school.

G. Subsequent Events

Management has evaluated subsequent events through the report date which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

**OTHER SUPPLEMENTARY INFORMATION – REGULATORY
BASIS - COMBINING FINANCIAL STATEMENTS**

OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
Assets					
Cash	<u>\$ 7,151</u>	<u>12,261</u>	<u>-</u>	<u>5,455</u>	<u>13,957</u>
Liabilities					
Funds held for student organizations					
High School Prom	4,222	7,831		2,914	9,139
High School Graduation	180	1,270		331	1,119
Postage	12	-		-	12
Middle School Student Recog.	137	509		100	546
Elementary Student Recog.	900	223		336	787
Scholarship Fund	430	79		70	439
Regional Student Recog.	494	2,073		1,608	959
Hospitality Fund	<u>776</u>	<u>276</u>		<u>96</u>	<u>956</u>
 Total Liabilities	 <u>\$ 7,151</u>	 <u>12,261</u>	 <u>-</u>	 <u>5,455</u>	 <u>13,957</u>

INDEPENDENT SCHOOL DISTRICT NO. Z-2, OKLAHOMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Project Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance 7/1/2021</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Ending Balance 6/30/2022</u>
<u>U.S. Department of Education</u>							
<u>Passed Through State Department of Education:</u>							
Title I Cluster:							
Title I-Part A, Improving Basic Programs	84.010	511	\$ 750,075		522,414	750,075	(227,661)
Title I-Part A, Improving Basic Programs 2020-21	84.010	799		(165,489)	165,489		
Title I-School Improvement	84.010	515	544,504		511,685	522,461	(10,776)
Title I-School Improvement 2020-21	84.010	799		(270,950)	270,950		
Title IV-SSAE Grant	84.424A	552	48,712		48,712	48,712	
Subtotal - Title I Programs Cluster			1,343,291	(436,439)	1,519,250	1,321,248	(238,437)
Title II-Part A, Teacher & Principal Training	84.367	541	108,036		79,312	108,036	(28,724)
Title II-Part A 2020-21	84.367	799		(52,676)	52,676		
* Education Stabilization Funds (Covid19)							
ARP/ESSER Counselor Grant	84.425U	722	126,000		97,177	126,000	(28,823)
ESSER (Covid19)	84.425D	788	45,282		45,282	45,282	
ESSER (Covid19) 2020-21	84.425D	799		(19,180)	19,180		
ESSER II (Covid19)	84.425D	793	2,349,404		2,167,606	2,349,404	(181,798)
ARP/ESSER (Covid19)	84.425U	795	5,280,188			593,845	(593,845)
Subtotal - Education Stabilization Funds (Covid19)			7,800,874	(19,180)	2,329,245	3,114,531	(804,466)
Special Education Cluster:							
IDEA-B Discretionary	84.027	615	11,008			11,008	(11,008)
IDEA-B Covid Assist 2020-21	84.027	799		(25,545)	25,545		
IDEA-B Flowthrough	84.027	621	414,539		324,357	414,539	(90,182)
IDEA-B Flowthrough 2020-21	84.027	799		(116,812)	116,812		
ARP/IDEA-B Flowthrough	84.027X	628	134,826		109,544	134,826	(25,282)
IDEA-B Preschool	84.173	641	4,064		4,064	4,064	
ARP/IDEA-B Preschool	84.173X	643	7,649		7,649	7,649	
Subtotal - Special Education Program (Cluster)			572,086	(142,357)	587,971	572,086	(126,472)
Subtotal - Passed Through State Dept of Education			9,824,287	(650,652)	4,568,454	5,115,901	(1,198,099)
Total Federal Assistance			\$ 9,824,287	(650,652)	4,568,454	5,115,901	(1,198,099)

* Major federal programs

Note 1 - There were no amounts passed to subrecipients.

Note 2 - Grantor provides adequate insurance coverage against loss on assets purchased with Federal Awards.

Note 3 - The information in this 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). Expenditures are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements. These expenditures are recognized following the cost principles contained in the Uniform Guidance. The District has also elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Expenditures under the Title I Program cluster includes \$48,712 in Title IV funds that were transferred to the Title I-Part A program.

OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Western Surety Company	Superintendent	999012502	\$100,000	8/1/21-8/1/22
	Treasurer	601065555	\$100,000	7/1/21-7/1/22
	Encumbrance Clerk	601106990	\$1,000	7/1/21-7/1/22
	Activity Fund Custodian	601106990	\$1,000	7/1/21-7/1/22
	Minutes Clerk	601106990	\$1,000	7/1/21-7/1/22



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education
Oklahoma Virtual Charter Academy School District No. Z-2
Midwest City, Oklahoma 73130

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 accompanying fund type and account group financial statements-regulatory basis as listed in the Table of Contents, of Oklahoma Virtual Charter Academy School District No. Z-2, Midwest City, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2022. This report was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Virtual School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Virtual School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Virtual 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Virtual 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

November 6, 2022



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Board of Education
Oklahoma Virtual Charter Academy Virtual School No. Z-2
Midwest City, Oklahoma 73130

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Oklahoma Virtual Charter Academy Virtual School No. Z-2, Midwest City, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its 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, Oklahoma Virtual Charter Academy Virtual School No. Z-2, Midwest City, Oklahoma 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (The 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 Oklahoma Virtual Charter Academy Virtual School No. Z-2, Midwest City, Oklahoma 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment

made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

November 6, 2022

OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2021 TO JUNE 30, 2022

Summary of Auditor's Results

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the School were reported during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance"
5. An unqualified opinion report was issued on the compliance of major federal award programs.
6. The audit disclosed no audit findings and questioned costs, which are required to be reported under OMB Uniform Guidance.
7. The program tested as a major federal program was: Education Stabilization Fund Programs (84.425D, 84.425U).
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The School did not qualify to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS
JULY 1, 2021 TO JUNE 30, 2022**

There were no material findings in the previous fiscal year.

**OKLAHOMA VIRTUAL CHARTER ACADEMY NO. Z-2, OKLAHOMA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2021 TO JUNE 30, 2022**

State of Oklahoma)
County of Tulsa)

The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Oklahoma Virtual Charter Academy for the audit year 2021-22.

Jenkins & Kemper, CPAs, P.C.
AUDITING FIRM

BY 
AUTHORIZED AGENT

Subscribed and sworn to before me on this
6th day of, November, 2022

NOTARY PUBLIC