

ONE CITY SCHOOLS, INC.

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
One City Schools, Inc.
Madison, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of One City Schools, Inc., which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 One City Schools, Inc. 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United State. 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 One City Schools, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about One City Schools, Inc.'s ability to continue as a going concern 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 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 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 One City Schools, Inc.'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 One City Schools, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis of the financial statements rather than to present the financial position and changes in net assets of the individual entities, and they are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Wisconsin Department of Public Instruction, and schedule of revenue and expenditures by category 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 auditing standards generally accepted in the United States of America. In our opinion, the information is 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 29, 2022 on our consideration of One City Schools, Inc.'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 One City Schools, Inc.'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 One City Schools, Inc.'s internal control over financial reporting and compliance.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
November 29, 2022

ONE CITY SCHOOLS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,746,506	\$ 1,456,234
Unconditional promises to give	1,424,909	13,792,975
Accounts receivable, net	16,061	13,393
Prepaid expenses	96,673	100,061
Other receivables	-	34
	<u>3,284,149</u>	<u>15,362,697</u>
NONCURRENT ASSETS		
Unconditional promises to give, net of current portion and discount	395,774	1,645,541
Restricted cash	6,301,536	-
Notes receivable	13,879,600	-
Property and equipment, net	18,630,196	1,512,077
	<u>39,207,106</u>	<u>3,157,618</u>
Total assets	<u><u>\$ 42,491,255</u></u>	<u><u>\$ 18,520,315</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,052,722	\$ 80,637
Deferred revenue	25,996	33,346
Accrued payroll	189,194	98,025
Paycheck Protection Program loan	-	467,177
Current portion of notes payable	12,068	43,873
	<u>3,279,980</u>	<u>723,058</u>
Total current liabilities	<u>3,279,980</u>	<u>723,058</u>
NONCURRENT LIABILITIES		
Notes payable less current portion	<u>19,652,027</u>	<u>593,118</u>
Total liabilities	<u>22,932,007</u>	<u>1,316,176</u>
NET ASSETS		
Without donor restrictions	13,242,898	1,001,736
With donor restrictions	<u>6,316,350</u>	<u>16,202,403</u>
Total net assets	<u>19,559,248</u>	<u>17,204,139</u>
Total liabilities and net assets	<u><u>\$ 42,491,255</u></u>	<u><u>\$ 18,520,315</u></u>

See accompanying notes.

ONE CITY SCHOOLS, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2022 and 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND GAINS		
Contributions		
Contributions from the general public	\$ 235,412	\$ 682,306
Grants	3,021,326	1,486,440
Gain on Paycheck Protection Program forgiveness	467,177	384,400
Tuition and fees, net	350,007	192,631
Investment return, net	15,388	-
Loan interest	58,758	-
Miscellaneous	6,232	9,623
	4,154,300	2,755,400
EXPENSES		
Preschool	846,667	727,379
Elementary	4,665,533	2,190,552
Secondary	236,814	-
Fiscal sponsor	3,950	-
Management and general	1,562,871	1,360,485
Fundraising	258,709	567,637
	7,574,544	4,846,053
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program and time restrictions	15,661,406	2,387,198
Change in net assets without donor restrictions	12,241,162	296,545
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions from the general public	5,775,353	14,103,647
Net assets released from restrictions	(15,661,406)	(2,387,198)
Change in net assets with donor restrictions	(9,886,053)	11,716,449
Change in net assets	2,355,109	12,012,994
Net assets at beginning of year	17,204,139	5,191,145
Net assets at end of year	\$ 19,559,248	\$ 17,204,139

See accompanying notes.

ONE CITY SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	<u>Preschool</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Fiscal Sponsor</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Contract services	\$ 22,164	\$ 185,017	\$ 13,188	\$ -	\$ 328,624	\$ 11,546	\$ 560,539
Facilities and equipment	126,279	453,716	-	-	28	2,517	582,540
Office	14,665	99,288	137	-	99	5,562	119,751
Other	20,064	248,630	21,631	-	91,485	42,518	424,328
Personnel	480,110	2,745,754	174,394	-	1,125,725	182,490	4,708,473
Staff and board	53,520	321,214	4,606	-	1,821	-	381,161
Kitchen and food service	41,902	242,136	3,924	-	-	1,333	289,295
Direct student costs	31,647	335,060	18,934	3,950	13,401	2,040	405,032
Tuition discounts	95,445	-	-	-	-	-	95,445
Depreciation	54,816	34,718	-	-	-	-	89,534
Grants to others	1,500	-	-	-	1,688	10,703	13,891
Total	942,112	4,665,533	236,814	3,950	1,562,871	258,709	7,669,989
Less: tuition discounts included with tuition and fees in the statements of activities	(95,445)	-	-	-	-	-	(95,445)
Total expenses	<u>\$ 846,667</u>	<u>\$ 4,665,533</u>	<u>\$ 236,814</u>	<u>\$ 3,950</u>	<u>\$ 1,562,871</u>	<u>\$ 258,709</u>	<u>\$ 7,574,544</u>

See accompanying notes.

ONE CITY SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Preschool	Elementary	Management and General	Fundraising	Total Expenses
Contract services	\$ 54,757	\$ 228,887	\$ 93,352	\$ 35,008	\$ 412,004
Facilities and equipment	90,375	289,982	178,787	63,020	622,164
Office	17,158	49,569	32,555	12,209	111,491
Other	73,794	78,112	65,747	19,239	236,892
Personnel	391,393	1,092,259	915,954	410,377	2,809,983
Staff and board	25,003	72,231	47,439	17,790	162,463
Kitchen and food service	17,794	90,299	-	-	108,093
Direct student costs	43,058	248,634	-	-	291,692
Tuition discounts	26,340	-	-	-	26,340
Depreciation	14,047	40,579	26,651	9,994	91,271
Total	753,719	2,190,552	1,360,485	567,637	4,872,393
Less: tuition discounts included with tuition and fees in the statements of activities	(26,340)	-	-	-	(26,340)
Total expenses	\$ 727,379	\$ 2,190,552	\$ 1,360,485	\$ 567,637	\$ 4,846,053

See accompanying notes.

ONE CITY SCHOOLS, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,355,109	\$ 12,012,994
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Allowance for doubtful accounts	22,837	12,473
Depreciation	89,534	91,271
Contributions restricted for long-term purposes	(4,532,259)	(14,002,817)
Forgiveness of Paycheck Protection Program loan	(467,177)	(384,400)
Unrealized and realized gain from donated stock	(15,388)	-
(Increase) decrease in assets		
Unconditional promises to give	13,617,833	(12,101,227)
Accounts receivable	(25,505)	(21,157)
Prepaid expenses	3,388	(77,858)
Other receivables	34	802
Increase (decrease) in liabilities		
Accounts payable	2,792,575	15,866
Accrued payroll	91,169	22,527
Deferred revenue	(7,350)	10,207
Net cash flows from operating activities	13,924,800	(14,421,319)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions of note receivable	(13,879,600)	-
Purchases of property and equipment	(14,229,252)	(181,547)
Net cash flows from investing activities	(28,108,852)	(181,547)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in property and equipment	4,532,259	14,002,817
Proceeds from donated stock	15,388	-
Payments on notes payables	(42,896)	(90,521)
Proceeds of Paycheck Protection Program loan	-	467,177
Proceeds from notes payable	16,271,109	84,970
Net cash flows from financing activities	20,775,860	14,464,443
Net change in cash and restricted cash	6,591,808	(138,423)
Cash and restricted cash at beginning of year	1,456,234	1,594,657
Cash and restricted cash at end of year	<u>\$ 8,048,042</u>	<u>\$ 1,456,234</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest net of the amount capitalized	\$ 75,389	\$ 20,497
Donated stock	100,000	-

See accompanying notes.

ONE CITY SCHOOLS, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
SUPPLEMENTAL DISCLOSURES (Continued)		
Noncash investing and financing transactions		
Acquisition and renovation of property		
Cost	\$ 16,798,891	\$ -
Notes payable	(2,798,891)	-
Cash payment for property	\$ 14,000,000	\$ -
Acquisition of equipment		
Cost	\$ 179,510	\$ -
Accounts payable	(179,510)	-
Cash payment for property	\$ -	\$ -
Cash and restricted cash		
Cash	\$ 1,746,506	\$ 1,456,234
Restricted cash	6,301,536	-
Total	\$ 8,048,042	\$ 1,456,234

See accompanying notes.

ONE CITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

One City Schools, Inc. (One City) prepares young children from birth to grade 4 in the Madison, Wisconsin area for success in school and life. One City's support and revenue is primarily from contributions, grants, and tuition.

One City Schools Foundation, Inc. (Foundation) solicits funding for and provides support to One City. The Foundation's revenue is primarily from contributions.

One City Broadway, Inc. (Broadway) holds title to commercial rental property that provides space for the elementary school and future secondary school.

One City Broadway South, LLC (Broadway South) holds title to commercial rental property that will be used for the athletic facility.

Principles of Consolidation

The financial statements include the accounts of One City, the Foundation, Broadway, and its wholly owned subsidiary, Broadway South. One City is consolidated with the Foundation and Broadway since One City has both an economic interest in both entities and control of both entities through a major voting interest in their governing bodies. All material intra-entity transactions have been eliminated.

Unconditional Promises to Give

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give receivable in less than one year are recorded at their net realizable value. One City considers all promises to give to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If promises to give become uncollectible, they will be charged to operations when that determination is made.

Receivables

Receivables, including tuition and other receivables, are stated at face value, net of the allowance for doubtful accounts. One City does not charge finance charges on past due receivables. The allowance for doubtful accounts is maintained at a level that is management's best estimate of probable uncollectible tuition and bad debts incurred as of the statement of financial position date. Management's determination of the adequacy of the allowances is based on an evaluation of the receivables, past collection experience, current economic conditions, volume, growth and composition of the receivables, and other relevant factors. The allowance is increased by provisions for uncollectible tuition and receivables charged against income. Allowance for doubtful accounts at June 30, 2022 and 2021 was \$22,837 and \$12,473, respectively.

ONE CITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment with a value of over \$5,000 is capitalized and depreciated using the straight-line method over an estimated useful life relative to the piece of property or equipment. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Government Grants

One City receives grants from government agencies and others that are conditioned upon One City incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by One City, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

Tuition and Fees

Revenue for tuition and fees is recognized at the point in time in which services have been performed. Such amounts earned, but not received, are reported as accounts receivable. Amounts received in advance of being earned are reported as deferred revenue.

Expense Allocation

The financial statements report certain categories of expense that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: contract services, facilities and equipment, office, other, personnel, staff and board, and depreciation, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Preschool – Preschool and daycare services for children age 12 months to 3 years old.

Elementary – Charter School services for children currently entering 4k through fourth grade.

ONE CITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Secondary – Charter School services for children currently entering ninth through twelfth grade.

Fiscal sponsor – Expenses for FG Financial, LLC, who is a fiscal sponsor of the Foundation.

Management and General – Management and general activities relate to the overall direction of One City and include activities of the board of directors, business management, finance, and general recordkeeping.

Fundraising – Fundraising activities include soliciting contributions from individuals, foundations, and others.

Income Tax Status

One City, the Foundation, and Broadway are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Broadway South, a single-member limited liability company, is treated as a disregarded entity for federal income tax purposes and the results of its operations are included on One City's federal exempt return.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through November 29, 2022, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

One City maintains its cash balances in one financial institution located in Madison, Wisconsin. The balances are insured by the National Credit Union Administration up to \$250,000. At June 30, 2022 and 2021, One City's uninsured cash balance totals approximately \$7,200,000 and \$1,200,000, respectively.

NOTE 3 – CONDITIONAL GRANTS

One City has several grants that are conditioned upon One City incurring qualifying expenses under the grant programs. At June 30, 2022 and 2021, the conditional grants totaled approximately \$2,110,000 and \$1,753,000, respectively. The conditional grants will be recognized as revenue when the conditions are met in future years.

ONE CITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consists of the following:

	2022	2021
Receivable in less than one year	\$ 1,424,909	\$ 13,792,975
Receivable in one to five years	399,918	1,649,655
Discount on promises to give (1.75% and 0.25% rate)	(4,144)	(4,114)
Unconditional promises to give, net	\$ 1,820,683	\$ 15,438,516

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2022	2021
Land, building, and improvements	\$ 6,384,143	\$ 1,431,351
Furniture and equipment	288,509	288,510
Capitalized finance costs	15,193	15,193
Construction in progress	12,329,861	75,000
Vehicles	27,180	27,180
Less accumulated depreciation	(414,690)	(325,157)
Property and equipment, net	\$ 18,630,196	\$ 1,512,077

For the year ended June 30, 2022, interest of \$58,799 was capitalized. For the year ended June 30, 2021, there was no interest capitalized.

NOTE 6 – NOTES RECEIVABLE

One March 10, 2022, the Foundation provided a \$13,879,600 promissory note to One City Investment Fund, owned by Old National Bank, as part of the new market tax credit that is due by March 10, 2052. Interest only payments at a fixed interest rate of 1.373% are required through September 2029. After that date, the loan will require quarterly payments of principal and interest of \$179,526.

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOANS

One City received loans totaling \$851,577 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loans accrue interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by One City during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over five years. On January 4, 2021, the SBA preliminarily approved forgiveness of One City's first draw loan.

ONE CITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOANS (continued)

On September 23, 2021, the SBA preliminary approved forgiveness of One City's second draw loan. One City must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review One City's good-faith certification concerning the necessity of its loan request, whether One City calculated the loan amount correctly, whether One City used loan proceeds for the allowable uses specified in the CARES Act, and whether One City is entitled to loan forgiveness in the amount claimed on its application. If SBA determines One City was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 8 – NOTES PAYABLE

On December 20, 2018, One City refinanced its facility agreements with Forward Community Investments (FCI) to obtain title of their building. The total amount refinanced, \$724,095, was reduced by grants totaling \$75,000 and an agency promissory note with the City of Madison CDBG totaling \$300,000. One City entered into a business note with FCI to repay the remaining \$349,095. The business note had a fixed interest rate of 6% with 12 payments of \$2,093 through July 2020, plus a final payment of the unpaid principal and interest due August 20, 2020. The business note was amended in October 2020 with a fixed interest rate of 5.5% with payments of \$2,171 through January 20, 2044, plus a final payment of the unpaid principal and interest due February 20, 2044. The balance at June 30, 2022 and 2021 was \$280,313 and \$287,032, respectively.

On December 20, 2018, One City entered into a \$300,000 agency promissory note with the City of Madison CDBG, as described above. The agency promissory note does not have a stated interest rate. Repayment of the greater of (i) the sum of \$300,000 or (ii) an amount equal to 30.61% of the current fair market value of One City's building is required immediately upon the earliest of the sale, transfer, or change or discontinuance in the permitted use of One City's building, provided such sale, transfer, change or discontinuance occurs on or after five years. The balance at June 30, 2022 and 2021 was \$300,000.

On September 12, 2020, One City entered into a promissory note for the purchase of a van for \$19,970. The promissory note has an interest rate of 6.89% with minimum principal and interest payments of \$396. The promissory note matures on September 10, 2025. The balance at June 30, 2022 and 2021 was \$13,782 and \$17,459, respectively.

On August 31, 2020, One City entered into a non-interest-bearing promissory note for the purchase of COVID-19 response activities for \$65,000. The entire loan balance was due on November 30, 2021. The balance was paid off at June 30, 2022. The balance at June 30, 2021 was \$32,500.

On March 10, 2022, Broadway entered into six promissory notes as part of the new market tax credit. All notes have a 1% fixed interest rate and mature on March 10, 2052. The first loan of \$3,835,785 requires interest only payments until September 10, 2029, and then quarterly principal and interest payments of \$47,647. The second loan of \$5,091,908 requires interest only payments until September 10, 2029, and then quarterly principal and interest payments of \$63,251. The third loan of \$4,951,907 requires interest only payments until September 10, 2029, and then quarterly principal and interest payments of \$61,511. The fourth loan of \$1,444,215 requires interest only payments until September 10, 2029, and then quarterly principal and interest payments of \$17,940.

ONE CITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 8 – NOTES PAYABLE (continued)

The fifth loan of \$1,838,092 requires interest only payments until September 10, 2029, and then quarterly principal and interest payments of \$22,832. The sixth loan of \$1,908,093 requires interest only payments until September 10, 2029, and then quarterly principal and interest payments of \$23,702. The interest of \$58,799 for these loans has been capitalized.

Interest expense for the years ending June 30, 2022 and 2021 was \$16,590 and \$20,497, respectively.

Future minimum principal payments for the years ending June 30, 2023, 2024, 2025, 2026, 2027, and thereafter are \$12,068, \$12,807, \$13,591, \$10,718, \$10,133, and \$534,778, respectively.

NOTE 9 – OPERATING LEASES

On September 1, 2020, One City entered into an operating lease for space that expired on August 31, 2021 and was not renewed. The lease required monthly payments of \$37,970, subject to an annual escalation of 3%. Rent expense for the years ended June 30, 2022 and 2021 was \$77,065 and \$397,700, respectively.

On September 1, 2020, One City entered into an operating lease for a copier that expires on August 31, 2025. The lease requires monthly payments of \$765. Rent expense for the years ended June 30, 2022 and 2021 was \$8,188 and \$7,650, respectively. Future minimum payments for the years ending June 30, 2023, 2024, 2025, and 2026 are \$9,180, \$9,180, \$9,180, and \$1,530, respectively.

One City has several operating leases for computers that expire at various times through July 31, 2025. The leases require monthly payments between \$113 through \$9,666. Rent expense for the years ended June 30, 2022 and 2021 was \$91,840 and \$81,545, respectively. Future minimum payments for the years ending June 30, 2023, 2024, 2025, and 2026 are \$149,829, \$143,361, \$126,963, and \$10,584, respectively.

NOTE 10 – RELATED PARTY

One City receives various contributions and promises to give from board members. At June 30, 2022 and 2021, One City received \$1,307,374 and \$93,563, respectively, in contributions from board members. Included in unconditional promises to give for the year ended June 30, 2022 and 2021 were pledges of \$509,918 from two board members and \$10,000 from one board member, respectively.

NOTE 11 – SIGNIFICANT CONCENTRATIONS

One City received 26% and 8% of its revenue from the Department of Public Instruction during the years ended June 30, 2022 and 2021. One City received \$14,000,000 from one donor during the year ended June 30, 2021.

ONE CITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 12 – NET ASSETS

Net assets with donor restrictions are available for the following purposes:

	2022	2021
Scholarships	\$ 7,218	\$ 95,236
Covid-19 relief	12,175	17,638
Facility purchase	-	12,000,000
Construction	1,394,345	2,848,912
Preschool	75,000	-
Property and equipment	216,633	-
Charter schools	250,000	-
Capital campaign	4,283,259	-
Subsequent year's activities	77,720	1,240,617
Net assets with donor restrictions	\$ 6,316,350	\$ 16,202,403

NOTE 13 – LIQUIDITY AND AVAILABILITY

The following table reflects One City's financial assets as of June 30, 2022 and 2021, reduced by the amounts that are not available to meet general expenditures within one year of the consolidated statements of financial position date because of donor-imposed or contractual restrictions.

	2022	2021
Financial assets at year-end	\$ 9,884,786	\$ 16,908,177
Less those unavailable for general expenditures within one year due to:		
Restricted cash	(6,301,536)	-
Restricted by donor with purpose restrictions	(6,238,630)	(14,961,786)
Restricted by donor with time restrictions	(77,720)	(1,240,617)
Financial assets available to meet cash needs for general expenditures within one year	\$ (2,733,100)	\$ 705,774

Financial assets at year-end consist of cash and restricted cash, unconditional promises to give, net accounts receivable, and other receivables. As part of One City's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations that come due.

NOTE 14 – COMMITMENTS

During fiscal year 2022, One City entered into several construction contracts that have a remaining committed balance of \$2,894,067 as of June 30, 2022.

ONE CITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 15 – ENDOWMENT FUND

An endowment fund was established by a donor with One City named as the specified beneficiary. This fund is held and managed by the Madison Community Foundation (MCF) and is a component fund of MCF. Since MCF has variance power, it is not included in One City's financial statements. Any distributions from the endowment fund are recorded as contribution revenue in One City's financial statements. One City received distributions in the year ended June 30, 2022 and 2021 of \$772 and \$654, respectively. The endowment fund has a fair value of \$24,932 and \$26,659 as of June 30, 2022 and 2021, respectively.

NOTE 16 – RESTRICTED CASH

Restricted cash was received during the determination of the new market tax credit and is restricted for eligible construction related expenses.

NOTE 17 – SUBSEQUENT EVENT

On November 14, 2022, One City entered into a line of credit agreement for \$300,000 with an interest rate of 7.25%. The line of credit matures in November 2023.

ONE CITY SCHOOLS, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2022

	One City Schools, Inc.	One City Schools Foundation, Inc.	One City Broadway, Inc.	One City Broadway South, LLC	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash	\$ 1,328,338	\$ 418,168	\$ -	\$ -	\$ -	\$ 1,746,506
Unconditional promises to give	338,059	1,086,850	-	-	-	1,424,909
Accounts receivable, net	16,061	-	-	-	-	16,061
Due from related parties	408,059	1,345,394	1,186,509	-	(2,939,962)	-
Prepaid expenses	74,022	-	22,651	-	-	96,673
Total current assets	2,164,539	2,850,412	1,209,160	-	(2,939,962)	3,284,149
NONCURRENT ASSETS						
Unconditional promises to give, net of current portion and discount	-	395,774	-	-	-	395,774
Restricted cash	-	-	6,301,536	-	-	6,301,536
Notes receivable	-	13,879,600	-	-	-	13,879,600
Property and equipment, net	1,756,305	-	15,785,382	1,088,509	-	18,630,196
Total noncurrent assets	1,756,305	14,275,374	22,086,918	1,088,509	-	39,207,106
Total assets	\$ 3,920,844	\$ 17,125,786	\$ 23,296,078	\$ 1,088,509	\$ (2,939,962)	\$ 42,491,255
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 292,661	\$ -	\$ 2,760,061	\$ -	\$ -	\$ 3,052,722
Deferred revenue	25,996	-	-	-	-	25,996
Accrued payroll	189,194	-	-	-	-	189,194
Due to related parties	1,433,384	342,659	75,410	1,088,509	(2,939,962)	-
Current portion of notes payable	12,068	-	-	-	-	12,068
Total current liabilities	1,953,303	342,659	2,835,471	1,088,509	(2,939,962)	3,279,980
NONCURRENT LIABILITIES						
Notes payable less current portion	582,027	-	19,070,000	-	-	19,652,027
Total liabilities	2,535,330	342,659	21,905,471	1,088,509	(2,939,962)	22,932,007
NET ASSETS						
Without donor restrictions	(569,857)	12,422,148	1,390,607	-	-	13,242,898
With donor restrictions	1,955,371	4,360,979	-	-	-	6,316,350
Total net assets	1,385,514	16,783,127	1,390,607	-	-	19,559,248
Total liabilities and net assets	\$ 3,920,844	\$ 17,125,786	\$ 23,296,078	\$ 1,088,509	\$ (2,939,962)	\$ 42,491,255

ONE CITY SCHOOLS, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended June 30, 2022

	One City Schools, Inc.	One City Schools Foundation, Inc.	One City Broadway, Inc.	One City Broadway South, LLC	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS						
REVENUES AND GAINS						
Contributions						
Contributions from the general public	\$ 798,191	\$ 11,859,751	\$ 13,454,566	\$ -	\$ (25,877,096)	\$ 235,412
Grants	3,021,326	-	-	-	-	3,021,326
Gain on Paycheck Protection Program forgiveness	467,177	-	-	-	-	467,177
Tuition and fees, net	350,007	-	-	-	-	350,007
Investment return, net	15,388	-	-	-	-	15,388
Loan interest	-	58,758	-	-	-	58,758
Miscellaneous	6,232	-	-	-	-	6,232
Total revenues and gains without donor restrictions	4,658,321	11,918,509	13,454,566	-	(25,877,096)	4,154,300
EXPENSES						
Total expenses	21,131,221	256,460	12,063,959	-	(25,877,096)	7,574,544
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of program and time restrictions	14,901,308	760,098	-	-	-	15,661,406
Change in net assets without donor restrictions	(1,571,592)	12,422,147	1,390,607	-	-	12,241,162
NET ASSETS WITH DONOR RESTRICTIONS						
Contributions from the general public	654,275	5,121,078	-	-	-	5,775,353
Net assets released from restrictions	(14,901,308)	(760,098)	-	-	-	(15,661,406)
Change in net assets with donor restrictions	(14,247,033)	4,360,980	-	-	-	(9,886,053)
Change in net assets	(15,818,625)	16,783,127	1,390,607	-	-	2,355,109
Net assets at beginning of year	17,204,139	-	-	-	-	17,204,139
Net assets at end of year	\$ 1,385,514	\$ 16,783,127	\$ 1,390,607	\$ -	\$ -	\$ 19,559,248

ONE CITY SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Grant Identifying Number	Accrued or (Deferred) Revenue at 7/1/21	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/22
Child Nutrition Cluster						
Department of Agriculture						
Wisconsin Department of Public Instruction						
School Breakfast Program	10.553	2022-138142-DPI-SB-SEVERE-546	\$ 4,880	\$ 76,456	\$ 93,587	\$ 22,012
National School Lunch Program	10.555	2022-138142-DPI-NSL-547	8,002	153,483	184,778	39,297
National School Lunch Program	10.555	2022-138142-DPI-SK_NSLAE-561	2,137	15,731	13,786	192
Total Child Nutrition Cluster			15,019	245,670	292,151	61,501
Department of Education						
Wisconsin Department of Public Instruction						
Special Education Cluster						
Special Education Grants to States	84.027	2022-138142-DPI-FLOW-341	19,502	19,502	48,474	48,474
Special Education Preschool Grants	84.173	2022-138142-DPI-PRESCH-347	-	-	755	755
Total Special Education Cluster			19,502	19,502	49,229	49,229
Title I Grants to Local Educational Agencies						
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.010	2022-138142-DPI-TIA-141	8,153	8,153	-	-
Title IV, Part A	84.367	2022-138142-DPI-TIIA-365	4,113	4,113	-	-
	84.424	2022-138142-DPI-TIVA-381	10,000	10,000	-	-
COVID-19 - Elementary and Secondary School Emergency Relief III						
COVID-19 - Elementary and Secondary School Emergency Relief II	84.425	2022-138142-DPI-ESSERFIII-165	-	33,044	97,774	64,730
	84.425	2022-138142-DPI-ESSERFII-163	-	-	100,000	100,000
Total 84.425			-	33,044	197,774	164,730
Total Department of Education			41,768	74,812	247,003	213,959
Department of Treasury						
Wisconsin Department of Public Instruction						
Coronavirus State and Local Fiscal Recovery Funds	21.027	8142	-	13,229	13,229	-
Total expenditures of federal awards			\$ 56,787	\$ 333,711	\$ 552,383	\$ 275,460

See accompanying notes to the Schedule of Expenditures of Federal and State Awards.

ONE CITY SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2022

State Grantor/ Program Title	State Identifying Number	State Pass Through Identifying Number	Accrued or (Deferred) Revenue at 7/1/21	Receipts	Expenditures	Accrued or (Deferred) Revenue at 6/30/22
Wisconsin Department of Public Instruction						
Special Education & School Age Parents	255.101	138142-100	\$ -	\$ 50,078	\$ 50,078	\$ -
State School Lunch Aid MATCH	255.102	138142-107	-	2,410	2,410	-
Charter Schools State Aid - 2x	255.289	138142	-	1,930,370	1,930,370	-
Aid for School Mental Health	255.227	138142-176	-	-	13,776	13,776
Total Wisconsin Department of Public Instruction			-	1,982,858	1,996,634	13,776
Wisconsin Department of Administration						
Local Education Agency Grant	N/A	8142	-	28,241	28,241	-
Total expenditures of state awards			<u>\$ -</u>	<u>\$ 2,011,099</u>	<u>\$ 2,024,875</u>	<u>\$ 13,776</u>

See accompanying notes to the Schedule of Expenditures of Federal and State Awards.

ONE CITY SCHOOLS, INC.
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
June 30, 2022

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of One City under programs of the federal and state governments for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Wisconsin Department of Public Instruction. Because the Schedule presents only a selected portion of the operations of One City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of One City.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Wisconsin Public School District Audit Manual wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3—INDIRECT COST RATE

One City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4—ELIGIBLE COSTS FOR SPECIAL EDUCATION

Eligible costs for special education under project 011 were \$149,360 for the year ended June 30, 2022.

NOTE 5—SUB-RECIPIENTS

One City does not have any sub-recipients.

ONE CITY SCHOOLS, INC.
SCHEDULE OF REVENUES AND EXPENDITURES - ELEMENTARY
Year Ended June 30, 2022

	<u>Total</u>	<u>Per Pupil</u>
REVENUES		
State Per Pupil Aid	\$ 1,930,370	\$ 8,579
State Special Education Aid	50,078	223
Other State Aid	44,427	197
Federal funds	552,383	2,455
Grants	325,194	1,445
Other donations	32,892	146
Other revenue	11,280	50
	<u>\$ 2,946,624</u>	<u>\$ 13,096</u>
FEDERAL FUNDS		
IDEA	\$ 49,229	\$ 219
School Breakfast	93,587	416
National School Lunch Program	184,778	821
Snack Program	13,786	61
COVID-19 - ESSER III	97,774	435
COVID-19 - ESSER II	100,000	444
Coronavirus State and Local Fiscal Recovery Funds	13,229	59
	<u>\$ 552,383</u>	<u>\$ 2,455</u>
EXPENDITURES		
Instruction	\$ 3,959,818	\$ 17,599
Instructional Support	422,784	1,879
Facilities	453,716	2,017
Administration	679,472	3,020
Board	52,006	231
Other	34,717	154
	<u>\$ 5,602,513</u>	<u>\$ 24,900</u>
	<u>June 30, 2021</u>	<u>Net Loss</u>
	<u>June 30, 2022</u>	
Total net assets (deficit)	<u>\$ 116,319</u>	<u>\$ (2,655,889)</u>
		<u>\$ (2,539,570)</u>

ONE CITY SCHOOLS, INC.
SCHEDULE OF REVENUES AND EXPENDITURES - SECONDARY
Year Ended June 30, 2022

	<u>Total</u>	<u>Per Pupil</u>	
REVENUES			
Grants	\$ 150,000	N/A	
EXPENDITURES			
Instruction	\$ 18,931	N/A	
Instructional Support	6,818	N/A	
Administration	280,337	N/A	
Other	2,900	N/A	
Total expenditures	\$ 308,986	N/A	
	<u>June 30, 2021</u>	<u>Net Loss</u>	<u>June 30, 2022</u>
Total net assets (deficit)	\$ -	\$ (158,986)	\$ (158,986)

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*

To the Board of Directors
One City Schools, Inc.
Madison, Wisconsin

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 consolidated financial statements of One City Schools, Inc., which comprise One City Schools, Inc.'s consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered One City Schools, Inc.'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 One City Schools, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of One City Schools, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
November 29, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR STATE
PROGRAM WITH LIMITED PROCEDURES AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

To the Board of Directors
One City Schools, Inc.
Madison, Wisconsin

Report on Compliance for the Major State Program

We have audited the One City Schools, Inc.'s compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that are required to be conducted on One City Schools, Inc.'s major state program with limited required procedures for the year ended June 30, 2022. One City Schools, Inc.'s major state program that has limited required procedures is identified in the accompanying summary of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the limited compliance requirements for One City Schools, Inc.'s major state program based on our audit of the limited procedures required. 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 *Wisconsin Public School District Audit Manual*. An audit includes examining on a test basis, evidence about One City Schools, Inc.'s compliance with those limited requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the limited compliance requirements for the major state program with limited required procedures. However, our audit does not provide a legal determination on the One City Schools, Inc.'s compliance.

Opinion on the Major State Program

In our opinion, One City Schools, Inc. complied, in all material respects, with the limited requirements referred to above for its major state program with limited required procedures for the year ended June 30, 2022.

Report on Internal Control Over Compliance

Management of One City Schools, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered One City Schools, Inc.'s internal control over compliance with the types of requirements that could have an effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the limited required compliance requirements for the major state program with limited required procedures and to test and report on internal control over compliance in accordance with *Wisconsin Public School District Audit Manual*, but

not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of One City Schools, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 state 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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 testing based on requirements of *Wisconsin Public School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



Wegner CPAs, LLP
Madison, Wisconsin
November 29, 2022

ONE CITY SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Is a material weakness in internal control over financial reporting disclosed?	No
Is a significant deficiency in internal control over financial reporting disclosed?	None reported
Is any noncompliance that is material to the financial statements disclosed?	No

State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>Wisconsin Public School District Audit Manual</i> ?	No

Identification of state major programs:

State Identifying Number	Name of State Program
255.101	Special Education & School Age Parents

Dollar threshold used to distinguish between type A and type B programs:	\$ 250,000
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FINANCIAL STATEMENT FINDINGS

No matters noted.

ONE CITY SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters noted.

OTHER ISSUES

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the audile's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Wisconsin Public School District Audit Manual*:

Department of Public Instruction No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of partner



Scott R. Haumersen, CPA

Date of report November 29, 2022