

**TUACAHN HIGH SCHOOL FOR THE ARTS
(Nonprofit Organization)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Tuacahn High School for the Arts

Table of Contents

Financial Section:

Independent Auditors' Report 1

Financial Statements:

 Statement of Financial Position..... 3

 Statement of Activities 4

 Statement of Functional Expenses..... 5

 Statement of Cash Flows 6

 Notes to the Financial Statements 7

Supplementary Information:

 Statement of Activities – Budget to Actual (Budgetary Basis)..... 18

 Reconciliation of the Annual Financial Report (AFR) to the Financial Statements..... 19

Other Communications from Independent Auditors:

 Report on Internal Control over Financial Reporting and on Compliance and Other Matters..... 23

 Report on State Legal Compliance..... 25

This page is intentionally blank



Independent Auditors' Report

Board of Directors
Tuacahn High School for the Arts
Ivins, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Tuacahn High School for the Arts (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tuacahn High School for the Arts as of June 30, 2020, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statement of activities – budget to actual and reconciliation of the annual financial report (AFR) to the financial statements 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 September 23, 2020, on our consideration of Tuacahn High School for the Arts' 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 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 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 Tuacahn's internal control over financial reporting and compliance.



HintonBurdick, PLLC
St. George, Utah
September 23, 2020

TUACAHN HIGH SCHOOL FOR THE ARTS
Statement of Financial Position
June 30, 2020

Assets

Current assets:

Cash and cash equivalents	\$ 1,077,936
Accounts receivable	26,461
Inventory	9,136
Prepaid expenses	<u>66,645</u>
Total current assets	<u>1,180,178</u>

Property and equipment:

Computer equipment	57,762
Equipment	71,576
Furniture and fixtures	105,469
Instruments	8,999
Vehicles	97,864
Leasehold improvements	270,778
Accumulated depreciation	<u>(306,194)</u>
Total property and equipment	<u>306,254</u>

Total assets	<u><u>\$ 1,486,432</u></u>
--------------	----------------------------

Liabilities

Current liabilities:

Accounts payable	622
Accrued payroll and liabilities	232,222
Credit cards	26,442
Deferred revenue	<u>46,735</u>
Total current liabilities	<u>306,021</u>

Total liabilities	<u>306,021</u>
-------------------	----------------

Net assets

Without donor restrictions	<u>1,180,411</u>
Total liabilities and net assets	<u><u>\$ 1,486,432</u></u>

The accompanying notes are an integral part of the financial statements.

TUACAHN HIGH SCHOOL FOR THE ARTS
Statement of Activities
For the Year Ended June 30, 2020

Revenues and support:	
Local	
Student activity fees	\$ 131,938
Student application fees	66,013
Donations	41,844
Interest income	8,844
State	3,219,236
Federal	147,793
Total revenues and support	<u>3,615,668</u>
Expenses:	
Program services:	
School	<u>2,783,905</u>
Total program services	<u>2,783,905</u>
Supporting services:	
General	<u>755,202</u>
Total supporting services	<u>755,202</u>
Total expenses	<u>3,539,107</u>
Change in net assets	76,561
Net assets at beginning of year	<u>1,103,850</u>
Net assets at end of year	<u><u>\$ 1,180,411</u></u>

The accompanying notes are an integral part of the financial statements.

TUACAHN HIGH SCHOOL FOR THE ARTS
Statement of Functional Expenses
For the Year Ended June 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>School</u>	<u>General</u>	<u>Total</u>
Salaries and wages	\$ 1,382,542	\$ 372,162	\$ 1,754,704
Employee benefits	665,042	133,975	799,017
Professional fees and technical services	157,598	81,466	239,064
Purchased property services	30,693	1,615	32,308
Supplies	109,791	34,354	144,145
Computers and equipment	54,819	22,897	77,716
Student activities	104,466	-	104,466
Dues and fees	10,406	14,476	24,882
Communication	9,690	7,898	17,588
Insurance	-	14,190	14,190
Marketing and advertising	20	43,751	43,771
Travel and training	-	2,319	2,319
Rent and utilities	233,158	12,272	245,430
Depreciation	25,680	13,827	39,507
Total expenses	<u>\$ 2,783,905</u>	<u>\$ 755,202</u>	<u>\$ 3,539,107</u>

The accompanying notes are an integral part of the financial statements.

TUACAHN HIGH SCHOOL FOR THE ARTS
Statement of Cash Flows
For the Year Ended June 30, 2020

Cash flows from operating activities:	
Cash received from educational activities	\$ 3,344,166
Cash received from contributions	41,844
Cash received from sales to students	217,626
Interest income	8,844
Payments for educational activities	(2,765,849)
Payments for management and general expenses	<u>(741,375)</u>
Cash flows from operating activities	<u>105,256</u>
Cash flows from investing activities:	
Purchases of capital assets	<u>(20,897)</u>
Cash flows from investing activities	<u>(20,897)</u>
Change in cash and cash equivalents	84,359
Cash and cash equivalents beginning of year	<u>993,577</u>
Cash and cash equivalents end of year	<u><u>\$ 1,077,936</u></u>
 Reconciliation of change in net assets to net cash flows from operating activities:	
Change in net assets	\$ 76,561
Adjustments needed to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	39,507
Changes in operating assets and liabilities:	
(Increase)/decrease in inventory	(1,808)
(Increase)/decrease in prepaid expenses	(61,520)
Increase/(decrease) in accrued payroll and liabilities	62,736
Increase/(decrease) in credit cards	(7,154)
Increase/(decrease) in deferred revenue	<u>19,675</u>
Cash flows from operating activities	<u><u>\$ 105,256</u></u>

The accompanying notes are an integral part of the financial statements.

TUACAHN HIGH SCHOOL FOR THE ARTS
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Tuacahn High School for the Arts, (the School) is presented to assist in understanding the School's financial statements. The financial statements and notes are representations of the School's management, which is responsible for their integrity and objectivity. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Background

Tuacahn High School for the Arts was organized under the laws of the State of Utah in November of 1998 opened in August of 1999. The School is a subsidiary of the Tuacahn Center for the Arts (the Center) and operates as a non-profit, 501(c)(3) organization. The School's mission is to educate its students to their highest level of achievement in all areas of learning so they become responsible, productive citizens who engage in the pursuit of lifelong learning and practice democratic values.

Description of Program

Able to teach 450 students, the School's goal is to create graduates who are proficient at critical thinking, problem solving, and communication skills through a uniquely structured environment that emphasizes student success, citizenship, and traditional values. The School's curriculum was designed to provide an accelerated academic program for high-functioning students with special interests in the performing arts. Other subject matter will include classes in English, mathematics, science, social studies, and foreign languages. The School's outstanding faculty of master teachers will be complemented by a cadre of adjunct consultants, practicing professional musicians, dancers, actors, and directors from the Utah and Nevada performing communities.

Funding

The School receives most of its funding from the Utah State Office of Education based on the Weighted Pupil Units calculation. The School also receives tuition from students who are not residents of Utah.

Basis of Accounting and Presentation

The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenses are recognized when incurred.

The School reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions received are recorded as without donor restriction or with donor restrictions depending on the existence and/or nature of any donor restrictions. Any restricted contributions whose restrictions are met in the same reporting period are reported as without donor restriction contributions.

TUACAHN HIGH SCHOOL FOR THE ARTS
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows and Note 2, the School considers all highly liquid debt investments with an initial maturity of one year or less to be cash equivalents.

Inventory

The School operates a small bookstore on its facility, selling school uniforms and other miscellaneous school items. Inventories are stated at cost using the average method.

Property and Equipment

The School rents its facility from the Tuacahn Center for the Arts. The rental agreement is renewed annually. Because the building is owned by the Center, no amounts have been recorded for land or building on these financial statements.

The School follows the practice of capitalizing all expenditures for property, furniture, fixtures, instruments and office equipment in excess of \$2,500 and all improvements in excess of \$2,500. Assets are recorded at cost if purchased or estimated fair value if donated.

Depreciation of property and equipment is provided on the straight-line method over their estimated useful lives as follows:

Computer equipment	3-7 years
Equipment	5-10 years
Furniture and fixtures	7 years
Instruments	5-7 years
Vehicles (used)	5 years
Leasehold improvements	40 years

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Major renewals and betterments are capitalized. Gains or losses on dispositions of property and equipment are included in revenue in the year of disposition.

Depreciation expense for the year ended June 30, 2020 was \$39,507.

TUACAHN HIGH SCHOOL FOR THE ARTS
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

Accrued Payroll and Liabilities

Teachers at the School have the option of having their salary paid over twelve months, even though school is only in session for ten months. Because of this, the salary for the current school year that is paid subsequent to June 30, 2020 is recorded as accrued payroll. As of June 30, 2020, \$232,222 has been accrued for payroll and related liabilities.

Compensated Absences

The School has not recorded a liability for unpaid vacation or sick pay as such accrual cannot be reasonably estimated and would not have a material effect on the financial statements.

Advertising

Advertising costs are charged to expense as incurred and were \$43,771 for fiscal year 2020.

Income Taxes

No amounts have been paid or accrued for income taxes as the School is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed. The School has implemented accounting guidance associated with accounting for uncertainty in income taxes; however, there was no impact to the School's financial statements.

Revenue Recognition

Operating funds for the School are derived principally from federal and state sources. The School receives state funding based on the number of students enrolled in the School. The School also receives federal and state grants on a reimbursement basis. Accordingly, grant revenues are recognized when qualifying expenses have been incurred and all other grant reimbursements have been met. Amounts of restricted grants received in excess of qualifying expenditures are recorded as deferred revenue. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted funds first, then unrestricted resources as they are needed.

Accounts Receivable

The School's accounts receivable consists of amounts due from federal, state and local sources. No allowance for doubtful accounts has been established, as the School deems all amounts to be fully collectible.

TUACAHN HIGH SCHOOL FOR THE ARTS
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any specific function, but provide for the overall support and direction of the School.

Donated Services

No amounts have been reflected in the financial statements for donated services. However, many individuals volunteer their time and perform a variety of tasks that assist the School with specific programs, administration and fundraising.

Date of Management's Review

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 23, 2020, the date the financial statements were available to be issued.

New Pronouncements

For the year ended June 30, 2020, the School implemented the provisions of ASU 2014-09 (Topic 606), *Revenue from Contracts with Customers*. This ASU supersedes most previous revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Adoption of this new pronouncement did not have a material impact on the School's financial statements.

For the year ended June 30, 2020, the School also implemented the provisions of ASU 2018-08 (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU 2018-08 update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Although this new pronouncement clarifies how to account for and report on the School's grant activity, the adoption did not have a material impact on the School's financial statements.

TUACAHN HIGH SCHOOL FOR THE ARTS
Notes to the Financial Statements
June 30, 2020

Note 2. Cash and Investments

Custodial credit risk deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2020, the School's bank balance was \$1,127,818 and \$513,366 of that amount was exposed to custodial credit risk because it was uninsured. Deposits are not collateralized, nor are they required to be.

The School's deposits at year end are shown as follows:

Deposits and investments:	
Cash in bank	\$ 1,077,591
Cash on hand	<u>345</u>
Total deposits and investments	<u><u>\$ 1,077,936</u></u>

Cash and investments are reported in the Statement of Financial Position as follows:

Cash and cash equivalents	<u>\$ 1,077,936</u>
Total	<u><u>\$ 1,077,936</u></u>

The nature and amounts of restrictions and/or limitations, including donor-imposed restrictions, on the School's use of cash and cash equivalents are disclosed in Note 3. There are no cash and cash equivalents with donor-imposed restrictions.

Note 3. Liquidity and Availability of Financial Assets

The following reflects the School's financial assets available within one year of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Cash and cash equivalents	\$ 1,077,936
Accounts receivable	<u>26,461</u>
Subtotal	\$ 1,104,397
Less those unavailable for general expenditures within one year:	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,104,397</u></u>

As part of its liquidity management, the School structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

TUACAHN HIGH SCHOOL FOR THE ARTS
Notes to the Financial Statements
June 30, 2020

Note 4. Property and Equipment

The following table summarizes the changes to capital assets during the year ended June 30, 2020.

	Balance 06/30/19	Additions	Deletions	Balance 06/30/20
Computer equipment	\$ 61,790	\$ 3,372	\$ (7,400)	\$ 57,762
Equipment	71,576	-	-	71,576
Furniture and fixtures	94,636	10,833	-	105,469
Instruments	6,000	2,999	-	8,999
Vehicles	94,171	3,693	-	97,864
Leasehold improvements	270,778	-	-	270,778
Total	598,951	20,897	(7,400)	612,448
Less accumulated depreciation	(274,087)	(39,507)	7,400	(306,194)
Total capital assets, net	<u>\$ 324,864</u>	<u>\$ (18,610)</u>	<u>\$ -</u>	<u>\$ 306,254</u>

Note 5. Deferred Revenue

As of June 30, 2020, two items make up the deferred revenue balance. The first item is for \$16,735 for receipts received from students for registration fees for the following school year. The second item is for \$30,000. This receipt is related to a grant received for a training that was postponed due to COVID-19. This will be recognized when the training occurs.

Note 6. Related Party Transactions

As indicated in Note 1, the School is a subsidiary of the Tuacahn Center for the Arts (The Center). The School enters into several transactions with the Center. These related party transactions include the payment of payroll related liabilities and other expenses by the Center and the reimbursement of these expenses by the School. The School owed the Center \$15,054 for accrued liabilities as of the date of the financial statements. Other related party transactions include the rental and utilities of the School's facility from the Center for \$245,430 for the year ended June 30, 2020.

TUACAHN HIGH SCHOOL FOR THE ARTS
Notes to the Financial Statements
June 30, 2020

Note 7. Adjustments to Budgetary Basis

The School's Statement of Activities on page 4 has been prepared on the accrual basis in accordance with generally accepted account principles (GAAP). The Statement of Activities – Budget to Actual (Budgetary Basis) on page 18 has been prepared on a budgetary basis, not GAAP.

Since the School's budget is prepared on a basis that differs from GAAP, adjustments were necessary for comparability purposes. Listed below are the more significant of these adjustments. The School budgets capital expenditures as expenses and does not budget for depreciation expense. These adjustments were made to actual expenditures in order to compare them to the legally adopted budget.

The following schedule is a reconciliation of the budgetary and GAAP net assets:

Net assets - budgetary basis	\$ 1,199,020
Fiscal year 2020 adjustments:	
Capitalized assets	20,898
Depreciation expense	<u>(39,507)</u>
Net assets - GAAP basis	<u><u>\$ 1,180,411</u></u>

Note 8. Retirement Plan

Plan Description – The School contributes to the State and School Contributory Retirement System and the State and School Noncontributory Retirement System, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (the Systems). Utah Retirement Systems provides refunds, retirements benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the *Utah Code Annotated 1953* as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statement and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

TUACAHN HIGH SCHOOL FOR THE ARTS
Notes to the Financial Statements
June 30, 2020

Note 8. Retirement Plan, Continued

Funding Policy – Plan members in the State and School Contributory Retirement System are required to contribute 18.99% of their annual covered salary. In the State and School Noncontributory Retirement System, the School is required to contribute 22.19% of their annual covered salary. The contribution rates are actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board. Under the *Internal Revenue Code* Section 401(k), the School participates in a defined contribution plan for employees enrolled in the Systems. This plan covers all employees with the Noncontributory System. These contributions represent 1.50% of covered salaries and vest immediately. They may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The required contributions and amounts received for the 2020 fiscal year and the two previous years are as follows:

<u>Year</u>	<u>Employee paid contributions</u>	<u>Employer paid for employee contributions</u>	<u>Employer contributions</u>	<u>Salary subject to retirement contributions</u>
Contributory System:				
State and School Division				
2020	\$ -	\$ -	\$ 125,843	\$ 663,330
2019	-	-	126,506	672,597
2018	-	-	115,471	627,101
Noncontributory System:				
State and School Division				
2020	\$ -	\$ -	\$ 170,312	\$ 797,006
2019	-	-	144,164	679,158
2018	-	-	163,085	742,602
Tier 2 DC Only				
State and School Division				
2020	\$ -	\$ -	\$ 16,867	\$ 168,330
2019	-	-	8,481	84,646
2018	-	-	5,162	51,515
Defined Contribution System:				
401 (k) Plan				
2020	\$ 36,253	\$ 34,943		
2019	22,706	25,999		
2018	15,253	26,157		
Roth IRA Plan				
2020	\$ 4,350	\$ -		

TUACAHN HIGH SCHOOL FOR THE ARTS
Notes to the Financial Statements
June 30, 2020

Note 9. Risk Management

The School is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; violations of civil rights; and natural disasters. The School has procured State of Utah Risk Management insurance coverage and Workman's Compensation Insurance, which in the School's estimation, is adequate to reduce the risk of loss to manageable level.

This page is intentionally blank

SUPPLEMENTARY INFORMATION

TUACAHN HIGH SCHOOL FOR THE ARTS
Statement of Activities – Budget to Actual (Budgetary Basis)
For the Year Ended June 30, 2020

	Actual on Budgetary Basis (See Note 6)	Budget	Variance with Budget
Revenue:			
Federal revenue	\$ 147,793	\$ 131,562	\$ 16,231
State revenue	3,219,236	3,247,480	(28,244)
Donations	41,844	41,344	500
Student application fees	66,013	65,663	350
Student activity fees	131,938	128,689	3,249
Proceeds from sale of assets	-	-	-
Interest income	8,844	7,486	1,358
Total revenue	3,615,668	3,622,224	(6,556)
Expenses:			
Salaries and wages	1,754,704	1,756,301	1,597
Employee benefits	799,017	811,221	12,204
Professional fees and technical services	239,064	265,382	26,318
Purchased property services	32,308	31,040	(1,268)
Supplies	147,144	155,512	8,368
Computers and equipment	95,615	97,822	2,207
Student activities	104,466	104,466	-
Dues and fees	24,882	22,014	(2,868)
Communication	17,588	17,600	12
Insurance	14,190	14,190	-
Marketing and advertising	43,771	44,520	749
Travel and training	2,319	11,191	8,872
Rent and utilities	245,430	245,430	-
Total expenses	3,520,498	3,576,689	56,191
Change in net assets	95,170	45,535	49,635
Net assets at beginning of year	1,103,850	1,103,850	-
Net assets at end of year	\$ 1,199,020	\$ 1,149,385	\$ 49,635

TUACAHN HIGH SCHOOL FOR THE ARTS
Reconciliation of the Annual Financial Report (AFR) to the Financial Statements
For the Year Ended June 30, 2020

	2020
Fund Balance - Ending (AFR / All Funds / Actual)	\$ 874,157
Adjustments made during the audit:	
Additions to fund balance:	
Capital assets:	
Computer equipment	57,762
Equipment	71,576
Furniture and fixtures	105,469
Instruments	8,999
Vehicles	97,864
Leasehold improvements	270,778
Accumulated depreciation	(306,194)
Capital assets, net	306,254
Net Assets - Ending (Financial Statements - Statement of Financial Position)	\$ 1,180,411
Net Change in Fund Balance (AFR / All Funds / Actual)	\$ 95,171
Adjustments made during the audit:	
Expenditures	
FY20 Capital asset additions	20,897
Current year depreciation	(39,507)
Change in Net Assets (Financial Statements - Statement of Activities)	\$ 76,561

This page is intentionally blank

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

This page is intentionally blank



**Independent Auditors' 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***

Board of Directors
Tuacahn High School for the Arts
Ivins, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tuacahn High School for the Arts (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of the 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC
St. George, Utah
September 23, 2020



**Independent Auditors' Report on Compliance
And Report on Internal Control Over Compliance
As Required by the *State Compliance Audit Guide***

Board of Directors
Tuacahn High School for the Arts
Ivins, Utah

Report on Compliance

We have audited Tuacahn High School for the Arts' compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2020.

State compliance requirements were tested for the year ended June 30, 2020 in the following areas:

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Fraud Risk Assessment
- Minimum School Program – Unrestricted Programs
- Minimum School Program – Restricted Programs: Special Education and Teacher and Student Success Act
- School Fees

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on Tuacahn High School for the Arts' compliance based on our audit of the state compliance requirements referred to above. 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 *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about Tuacahn High School for the Arts' compliance with those 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Tuacahn High School for the Arts' compliance with those requirements.

Opinion on Compliance

In our opinion, Tuacahn High School for the Arts complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

Report on Internal Control Over Compliance

Management of Tuacahn High School for the Arts is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tuacahn High School for the Arts' internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, 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 Tuacahn High School for the Arts' 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 to detect and correct noncompliance with a state compliance requirement 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 state compliance requirement 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 state compliance requirement 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 material weaknesses or significant deficiencies. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.



HintonBurdick, PLLC
St. George, Utah
September 23, 2020

