

**PRAIRIE CROSSING CHARTER SCHOOL
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Prairie Crossing Charter School and its Subsidiaries
Grayslake, Illinois

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Prairie Crossing Charter School and its Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Prairie Crossing Charter School and its Subsidiaries as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years 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). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Prairie Crossing Charter School and its Subsidiaries 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Prairie Crossing Charter School and its Subsidiaries' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Prairie Crossing Charter School and its Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Prairie Crossing Charter School and its Subsidiaries' 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.

Emphasis of Matter – Correction of Error

As discussed in Note 12 to the consolidated financial statements, a certain error resulting in the understatement of amounts previously reported for both liabilities and expenses as of and for the year ended June 30, 2022 was discovered during the current year. Accordingly, amounts reported for liabilities and expenses have been restated in the 2022 consolidated financial statements now presented to correct the error. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules of financial position, activities, and functional expenses are presented for purposes of additional analysis of the consolidated financial statements rather than to present financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, and cash flows of the individual companies. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the matter described below, the consolidating information in the consolidating schedules of financial position, activities, and functional expenses is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The accompanying consolidating information in the consolidating schedules of financial position, activities, and functional expenses does not include right-of-use assets and lease liabilities for material related party leases that fully eliminate upon consolidation. Management has informed us that they have not determined the effects of not including related party leases in the consolidating information.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Racine, Wisconsin
October 31, 2023

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>(Restated) 2022</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,222,489	\$ 3,312,866
Cash Restricted to Investment in Property	171,329	148,829
Grants Receivable	145,094	36,609
Other Receivables	18,059	20,271
Certificate of Deposit	306,696	306,696
Charter Renewal Fees	6,378	12,756
Prepaid Assets	<u>14,432</u>	<u>4,255</u>
Total Current Assets	3,884,477	3,842,282
DEPOSIT REQUIRED BY LOAN AGREEMENT	556,778	556,778
PROPERTY AND EQUIPMENT, NET	<u>9,398,718</u>	<u>9,739,244</u>
Total Assets	<u>\$ 13,839,973</u>	<u>\$ 14,138,304</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 168,961	\$ 209,761
Accrued Expenses and Other Liabilities	334,753	485,316
Current Maturities of Bond Payable	122,500	117,500
Current Maturities of Capital Lease Obligations	6,302	6,025
Paycheck Protection Program Loan	-	28,926
Unearned Revenue	<u>20,935</u>	<u>26,370</u>
Total Current Liabilities	653,451	873,898
LONG-TERM LIABILITIES		
Bond Payable, Less Current Maturities Above	8,970,603	9,095,278
Capital Lease Obligations, Less Current Maturities Above	<u>10,003</u>	<u>16,306</u>
Total Long-Term Liabilities	<u>8,980,606</u>	<u>9,111,584</u>
Total Liabilities	9,634,057	9,985,482
NET ASSETS		
Without Donor Restrictions	4,200,383	4,146,759
With Donor Restrictions	<u>5,533</u>	<u>6,063</u>
Total Net Assets	<u>4,205,916</u>	<u>4,152,822</u>
Total Liabilities and Net Assets	<u>\$ 13,839,973</u>	<u>\$ 14,138,304</u>

See accompanying Notes to Consolidated Financial Statements.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			(Restated) 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT						
General State Aid	\$ 6,094,123	\$ -	\$ 6,094,123	\$ 5,849,082	\$ -	\$ 5,849,082
Contributions	6,396	365	6,761	7,610	-	7,610
Fundraising	20,238	-	20,238	1,074	-	1,074
Grants:						
State Grants	140,629	-	140,629	133,188	-	133,188
Federal Special Education	301,308	-	301,308	170,644	-	170,644
Other	33,929	-	33,929	15,836	-	15,836
School and Program Fees	315,331	-	315,331	210,893	-	210,893
Rent Income	20,447	-	20,447	11,955	-	11,955
Net Investment Return, Appropriated to Cash and Cash Equivalents	4,491	-	4,491	505	-	505
Gain on Extinguishment of Debt	-	-	-	802,801	-	802,801
Other Income (Expense)	(57,128)	-	(57,128)	4,824	-	4,824
Total Revenues, Gains (Losses), and Other Support	6,879,764	365	6,880,129	7,208,412	-	7,208,412
Net Assets Released from Purpose Restrictions	895	(895)	-	-	-	-
Total Revenues, Gains (Losses), and Other Support	6,880,659	(530)	6,880,129	7,208,412	-	7,208,412
EXPENSES						
Program Services	5,390,413	-	5,390,413	5,167,682	-	5,167,682
Fundraising	530	-	530	5,595	-	5,595
Management and General	1,436,092	-	1,436,092	1,342,450	-	1,342,450
Total Expenses	6,827,035	-	6,827,035	6,515,727	-	6,515,727
CHANGE IN NET ASSETS	53,624	(530)	53,094	692,685	-	692,685
Net Assets - Beginning of Year	4,146,759	6,063	4,152,822	3,454,074	6,063	3,460,137
NET ASSETS - END OF YEAR	<u>\$ 4,200,383</u>	<u>\$ 5,533</u>	<u>\$ 4,205,916</u>	<u>\$ 4,146,759</u>	<u>\$ 6,063</u>	<u>\$ 4,152,822</u>

See accompanying Notes to Consolidated Financial Statements.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023				(Restated) 2022			
	Program Services	Fundraising	Management and General	Total	Program Services	Fundraising	Management and General	Total
Salaries	\$ 2,947,410	\$ -	\$ 634,706	\$ 3,582,116	\$ 2,986,026	\$ -	\$ 621,223	\$ 3,607,249
Benefits	405,490	-	42,649	448,139	441,800	-	39,719	481,519
Payroll Taxes	105,146	-	39,224	144,370	98,079	-	37,289	135,368
Subtotal	3,458,046	-	716,579	4,174,625	3,525,905	-	698,231	4,224,136
Accounting Expense	-	-	59,483	59,483	-	-	52,474	52,474
Club Expenses	99,020	-	17,793	116,813	92,302	-	21,259	113,561
Community Outreach	-	-	74,756	74,756	-	-	88,944	88,944
Dues	-	-	20,609	20,609	-	-	35,040	35,040
Educational Materials and Supplies	63,973	-	-	63,973	38,614	-	-	38,614
Fundraising	-	530	-	530	-	5,595	-	5,595
Grants	334,310	-	-	334,310	189,941	-	-	189,941
Hot Lunches and Field Trips	74,270	-	-	74,270	21,743	-	-	21,743
Legal Expense	-	-	26,736	26,736	2,145	-	21,804	23,949
Liability Insurance	69,911	-	17,478	87,389	89,666	-	22,416	112,082
Miscellaneous Expense	-	-	974	974	-	-	-	-
Other Professional Fees	95,521	-	23,880	119,401	39,205	-	9,801	49,006
Office Expense	26,915	-	130,955	157,870	15,549	-	31,122	46,671
Out of District Placement	-	-	68,730	68,730	-	-	82,135	82,135
Professional Development	59,128	-	14,783	73,911	24,711	-	6,178	30,889
Repairs and Maintenance	141,153	-	35,287	176,440	174,505	-	43,628	218,133
Real Estate Taxes	-	-	57,860	57,860	-	-	57,498	57,498
Special Education Professional Fees	244,264	-	-	244,264	207,425	-	-	207,425
Transportation	42,688	-	-	42,688	58,291	-	-	58,291
Utilities	42,231	-	10,557	52,788	53,617	-	13,405	67,022
Depreciation and Amortization	288,083	-	72,021	360,104	284,470	-	71,117	355,587
Interest Expense	350,900	-	87,611	438,511	349,593	-	87,398	436,991
Total Functional Expenses	<u>\$ 5,390,413</u>	<u>\$ 530</u>	<u>\$ 1,436,092</u>	<u>\$ 6,827,035</u>	<u>\$ 5,167,682</u>	<u>\$ 5,595</u>	<u>\$ 1,342,450</u>	<u>\$ 6,515,727</u>

See accompanying Notes to Consolidated Financial Statements.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
JUNE 30, 2023 AND 2022

	2023	(Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 53,094	\$ 692,685
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	360,104	355,587
Gain on Extinguishment of Debt	-	(802,801)
Amortization of Debt Issuance Costs	(2,175)	(2,077)
Effects of Changes in Operating Assets and Liabilities:		
Grants Receivable	(108,485)	(6,610)
Other Receivables	2,212	(20,271)
Prepaid Assets	(10,177)	9,526
Accounts Payable	(16,841)	123,734
Accrued Expenses and Other Liabilities	(150,563)	198,273
Unearned Revenue	(5,435)	(1,320)
Net Cash Provided by Operating Activities	<u>121,734</u>	<u>546,726</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(37,159)</u>	<u>(581,190)</u>
Net Cash Used by Investing Activities	<u>(37,159)</u>	<u>(581,190)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds (Payments) on Capital Lease Obligations	(6,026)	(5,764)
Payments on Paycheck Protection Program Loan	(28,926)	-
Payments on Bond Payable	<u>(117,500)</u>	<u>-</u>
Net Cash Used by Financing Activities	<u>(152,452)</u>	<u>(5,764)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(67,877)</u>	<u>(40,228)</u>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>3,461,695</u>	<u>3,501,923</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 3,393,818</u></u>	<u><u>\$ 3,461,695</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	<u>\$ 440,231</u>	<u>\$ 439,067</u>
Cash and Cash Equivalents	\$ 3,222,489	\$ 3,312,866
Cash Restricted to Investment in Property	171,329	148,829
Cash, Cash Equivalent, and Restricted Cash	<u><u>\$ 3,393,818</u></u>	<u><u>\$ 3,461,695</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Purchase of Property and Equipment Included in Accounts Payable	<u><u>\$ -</u></u>	<u><u>\$ 23,959</u></u>

See accompanying Notes to Consolidated Financial Statements.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Prairie Crossing Charter School (PCCS) was formed in July 1999 in the state of Illinois and focuses on the environment, conservation, and good citizenship and currently offers kindergarten through grade 8. The maximum enrollment for the school is capped at 432 students in both the 2022-2023 and the 2021-2022 school years. For the 2022-2023 school year, budgeted enrollment was at 430 students and 429 students were reported on the last day of school, of which no students were out of district. For the 2021-2022 school year, budgeted enrollment was at 430 students and 427 students were reported on the last day of school, of which no students were out of district. PCCS is supported primarily by General State Aid from the state of Illinois, which reimburses PCCS a dollar amount per student per school year, and various grants from state, federal, and other agencies.

PCCS is subject to a Charter Agreement with the Illinois State Board of Education (ISBE). Prior to July 1, 2021, the agreement was with the Illinois State Charter School Commission (ISCSC). The original agreement was for a term of five years and ended with the 2003-2004 school year. The agreement has been renewed for four additional terms of five years, ending with the 2023-2024 school year.

PCCS Holdings, LLC (Holdings) is an Illinois Limited Liability Company, with PCCS as a single member. Holdings was formed in June 2004 to own and develop PCCS property and lease it to PCCS. Construction for the first building was completed in December 2004, and construction for the second building was completed in August 2006.

Byron Colby Barn, LLC (BCB) is an Illinois Limited Liability Company, with PCCS as a single member. BCB was formed in January 2020 to own and develop PCCS property and lease it to PCCS. BCB obtained bond financing through the refinancing of bonds in 2020 and purchased the Byron Colby Barn in February 2020 (see Note 6).

Consolidation

The accompanying consolidated financial statements include the accounts of Prairie Crossing Charter School and its wholly owned subsidiaries, PCCS Holdings, LLC and Byron Colby Barn, LLC (collectively, the Organization). All significant intercompany items and transactions have been eliminated.

Significant accounting policies followed by the Organization are presented below.

Basis of Accounting

The Organization prepares its consolidated financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when obligations are incurred, regardless of the timing of the cash flows.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Financial Instruments

The Organization's financial instruments are cash and cash equivalents, accounts receivable, certificates of deposit, accounts payable, unearned revenue, accrued expenses, and long-term debt. The recorded values of cash and cash equivalents, accounts receivable, certificates of deposit, accounts payable, accrued expenses, and unearned revenue approximate their fair values based on their short-term nature. The fair value of the Organization's long-term debt is estimated based on the current rates offered to the Organization for debt of similar terms and maturities.

Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization maintains its cash balances at regional banks.

Certificates of Deposit

Certificates of deposit are carried at cost which approximates fair value.

Receivables

Receivables are uncollateralized obligations which generally require payment within 30 days from the invoice date. Receivables are stated at the invoice amount.

Account balances with invoices over 90 days old are considered delinquent. Payments of receivables are applied to the specific invoices identified on the remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts and the aging of the receivables. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. At June 30, 2023 and 2022, no amounts are considered uncollectible and accordingly, the Organization has not recorded an allowance for uncollectible amounts.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated fair market value as of the date of donation. Expenses for maintenance and repairs are charged to expense as incurred. Additions and replacements in excess of \$2,500, including interest and issuance costs during the construction period, are capitalized. Depreciation is recorded on the straight-line method over the estimated useful lives of the various assets, which range from 3 to 39 years.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Net Assets

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

Without Donor Restrictions – These represent net assets that are not subject to external donor-imposed restrictions.

With Donor Restrictions – These represent net assets that are subject to donor-imposed time or purpose restrictions that have not been met (See Note 7).

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 Purpose Restrictions.

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

The Organization's revenue is primarily derived from state and federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions or other conditions have been satisfied. The Organization received no cost reimbursable or conditional grants that have not been recognized at both June 30, 2023 and June 30, 2022 because qualifying expenditures have yet to be incurred or other conditions have yet to be satisfied.

Revenue Recognition Under ASC 606

The Organization recognizes revenue from school and program fees when students and participants obtain control of promised goods or services in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. The Organization recorded contract assets in other receivables as of June 30, 2023, 2022, and 2021 in the amount of \$18,059, \$20,271, and \$-0-, respectively. The Organization recorded contract liabilities in unearned revenue as of June 30, 2023, 2022, and 2021 in the amount of \$20,935, \$26,370, and \$27,690, respectively.

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods and services at June 30:

	<u>2023</u>	<u>2022</u>
Revenue Recognized Over Time:		
School and Program Fees	<u>\$ 315,331</u>	<u>\$ 210,893</u>

Other Income (Expense)

The Organization reports other income (expense) in the consolidated statements of activities as a component of revenues, gains, losses, and other support. This includes the charter school commission fee established by the Illinois legislature in 2011 and various activities on a net basis including SCRIP, plant sale, holiday bazaar, and others.

Income Taxes

No provision or benefit for income taxes has been included in these consolidated financial statements since the Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, benefits, payroll taxes, club expenses, legal expenses, liability insurance, other professional fees, office expenses, professional development, repairs and maintenance, utilities, depreciation and amortization, and interest expenses, which are allocated on the basis of estimates of time and effort.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs and Bond Premium

Debt issuance costs and bond premium are amortized over the term of the related debt (see Note 6). Debt issuance costs totaled \$373,986 and \$379,053 at June 30, 2023 and 2022, respectively. Bond premium totaled \$(534,589) and \$(541,831) at June 30, 2023 and 2022, respectively. Amortization of debt issuance costs and bond premium charged to interest expense was \$(2,175) and \$(2,077) for June 30, 2023 and 2022, respectively.

Leases

The Organization determines if an arrangement is a lease at inception. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use (ROU) assets on the balance sheet. See Note 4 for additional information on the Organization's leases as of and for the year ended June 30, 2022, which were accounted for under ASC 840, *Leases*.

Accounting Standards Update

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization has adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the ROU assets.

Management has determined that all material leases are with related parties, as described in Note 5, and would fully eliminate upon consolidation. The Organization has one other long-term lease, but it is not material. Therefore, this standard would have no effect on the consolidated financial statements of the Organization.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's liquidity goal is to have sufficient assets available to meet operational expenditures for a 12-month period. PCCS regularly reviews the liquidity required to meet the ongoing needs for operations of the school. Various forms of funds are available which include cash and cash equivalents, certificate of deposit, grants receivable and other receivables.

For the purpose of analyzing available resources, PCCS reviews assets not covered by donor restrictions or restricted for future use. As of June 30, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 3,222,489	\$ 3,312,866
Certificate of Deposit	306,696	306,696
Grants Receivable	145,094	36,609
Other Receivables	18,059	20,271
Total Financial Assets	<u>3,692,338</u>	<u>3,676,442</u>
Less: Amounts Not Available to be Used Within		
One Year Due to Donor Restrictions	<u>(5,533)</u>	<u>(6,063)</u>
Financial Assets Available to Meet General		
Expenditures Within One Year	<u>\$ 3,686,805</u>	<u>\$ 3,670,379</u>

In addition to financial assets available to meet operational expenditures, PCCS operates with a balanced budget to ensure that the Organization can meet current and future obligations. PCCS believes that future revenues will be sufficient to cover expenditures without materially impacting the entity's liquidity.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment as of June 30 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,620,934	\$ 1,620,934
Land Improvements	424,483	424,483
Building Improvements	12,273,680	11,795,700
Furniture and Fixtures	398,780	398,780
Equipment	644,169	630,969
Software	49,820	49,820
Vehicle	34,800	34,800
Construction in Progress	5,857	483,837
Total Property and Equipment	<u>15,452,523</u>	<u>15,439,323</u>
Less: Accumulated Depreciation	<u>(6,053,805)</u>	<u>(5,700,079)</u>
Property and Equipment, Net	<u>\$ 9,398,718</u>	<u>\$ 9,739,244</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$353,726 and \$349,209, respectively.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 CAPITAL LEASE OBLIGATIONS

Management of the Organization has determined that the remaining leases are immaterial to the financial statements, resulting in disclosures related to ASC 842: Leases to not be included. The following disclosure is under ASC 840: Leases.

In December 2020, the Organization entered into a lease for office equipment with a cost of \$30,884 under a capital lease that expires in 2026. The liability under the capital lease is recorded at the present value of the minimum lease payments. The interest rate on the capital lease obligation is approximately 4.5% at June 30, 2022 and is imputed based on the lessor's implicit rate of return. Amortization expense on equipment acquired under capital lease was \$6,177 for the year ended June 30, 2022. Accumulated amortization on leased equipment was \$9,265 at June 30, 2022.

Future minimum lease payments under the capital lease are due as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 6,909
2024	6,909
2025	6,333
2026	4,031
Total	<u>24,182</u>
Amount Representing Interest	<u>(1,851)</u>
Present Value of Future Minimum Lease Payments	<u>22,331</u>
Current Portion	<u>(6,025)</u>
Long-Term Portion	<u><u>\$ 16,306</u></u>

NOTE 5 LEASE COMMITMENTS

Effective June 16, 2004, PCCS entered into a lease with Holdings for the school buildings which expires on December 31, 2028, and is paid directly to Wilmington Trust National Association in monthly installments equal to the regularly scheduled principal and interest payments required by Holdings bond payable on the property. The lease expense under this agreement is eliminated upon consolidation. See Note 6 for further discussion of the bond payable.

Effective February 3, 2020, PCCS entered into a lease with BCB for land and additional school buildings which expires on December 31, 2028, and is paid directly to Wilmington Trust National Association in monthly installments equal to the regularly scheduled principal and interest payments required by BCB bond payable on the property. The lease expense under this agreement is eliminated upon consolidation. See Note 6 for further discussion of the bond payable.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 MORTGAGE/BOND PAYABLE

In August 2011, the Village of Wadsworth, Illinois (the Village), issued \$9,000,000 of Revenue Refunding Bonds (Prairie Crossing Charter School Project) Series 2011 pursuant to its powers under the Industrial Revenue Building Bond Act, 65 Illinois Compiled Statutes. The Village entered into a bond and loan agreement with the Lake Forest Bank and Trust Company and the Organization dated August 1, 2011. The bonds were scheduled to mature, subject to prior redemption, principal amortization, and acceleration, on September 1, 2038. The bonds were collateralized by substantially all of the Organization's assets.

The bonds bore variable interest, payable monthly, in arrears. The initial bank purchase mode matured on August 23, 2016.

The Organization entered into the second bank purchase mode on August 24, 2016, which ends on August 23, 2021, in relation to its outstanding bonds.

In February 2020, the Revenue Refunding Bonds Series 2011 were refinanced with the issuance of \$9,050,000 of Educational Facility Revenue Bonds (Prairie Crossing Charter School Project) Series 2020 by the Upper Illinois River Valley Development Authority (the Authority). The Authority entered into a loan agreement and an indenture of trust with Wilmington Trust National Association and the Organization dated February 1, 2020. Under the terms of the related loan agreement, the Organization is required to maintain a Debt Service Reserve Fund with Wilmington Trust National Association. This requirement was met with a deposit in the amount of \$556,778 as of June 30, 2023 and 2022 and is presented as a deposit required by the loan agreement in the consolidated statements of financial position.

The Series 2020 Bonds mature on January 1, 2031, January 1, 2045, and January 2055, and are subject to optional redemption at par at the earliest on January 1, 2027. The bonds bear interest at 4% - 5%, payable semi-annually on January 1 and July 1 of each year.

The bonds were sold at a price in excess of the amount payable at their earliest call date. The Organization recognized bond premium in the amount of \$557,993 at issuance of the bonds. The Organization also recognized \$390,359 of debt issuance costs. The bond premium and debt issuance costs will be amortized over the life of the bonds.

The proceeds from the Series 2020 Bonds were used to refund the Series 2011 Bonds, fund the Debt Service Reserve Fund pursuant to the loan agreement dated February 1, 2020, acquire certain land and buildings adjacent to the current site of the school, and fund a Project Fund held with Wilmington Trust National Association restricted to further investment in property.

The Organization is also required to maintain a minimum debt service coverage ratio and a certain ratio of cash on hand. The Organization was in compliance with these financial covenants at June 30, 2023.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 MORTGAGE/BOND PAYABLE (CONTINUED)

The following summarizes the mortgage payable as of June 30, 2023:

Bonds Payable	\$ 8,932,500
Add: Unamortized Bond Premium	534,589
Less: Unamortized Debt Issuance Costs	<u>(373,986)</u>
Total Bonds Payable, Net of Unamortized	
Bond Premium and Debt Issuance Costs	9,093,103
Less: Current Maturities	<u>(122,500)</u>
Total Bonds Payable, Less Current Maturities	<u><u>\$ 8,970,603</u></u>

Future principal payments under the loan agreement are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2024	\$ 122,500
2025	127,500
2026	132,500
2027	137,500
2028	142,500
Thereafter	<u>8,270,000</u>
Total	<u><u>\$ 8,932,500</u></u>

Future amortization of the debt issuance costs and bond premium that will be added to (subtracted from) interest expense are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2024	\$ (2,280)
2025	(2,390)
2026	(2,505)
2027	(2,625)
2028	(2,751)
Thereafter	<u>(148,052)</u>
Total	<u><u>\$ (160,603)</u></u>

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Sustainable Schoolyard	\$ 4,665	\$ 5,195
Giving Tree	868	868
Total	<u><u>\$ 5,533</u></u>	<u><u>\$ 6,063</u></u>

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 RETIREMENT PLANS

Teachers' Retirement System of the State of Illinois (TRS)

The Organization participates in TRS, which is a cost-sharing, multiple employer defined-benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the governor's approval. The state of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS board of trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Active TRS members are required to contribute 9.00% of their creditable earnings. These contributions are submitted to TRS by the employer.

All TRS-covered members and employers are required to contribute to the Teachers' Health Insurance Security Fund, a separate fund in the state treasury that is not a part of this retirement plan. For the years ended June 30, 2023 and 2022, TRS-covered employers contributed 0.67% of creditable earnings to the Teacher's Health Insurance Security Fund and TRS-covered members contributed at a rate of 0.90% of creditable earnings.

The Organization makes four types of employer contributions directly to TRS:

2.2 Formula Contributions

For the years ended June 30, 2023 and 2022, TRS-covered employers were required to contribute 0.58% of creditable earnings as the employer share of the 2.2 formula change. The contribution for the years ended June 30, 2023 and 2022 was \$13,769 and \$11,955, respectively.

Federal and Trust Fund Contributions

When TRS members are paid from federal and trust funds administered by the Organization, there is a statutory requirement of the Organization to pay an additional contribution that is 10.49% and 10.31% of salaries paid from those funds for the years ended June 30, 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022, the Organization paid \$11,155 and \$1,959 from the federal and trust funds, respectively.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System of the State of Illinois (TRS) (Continued)

Early Retirement Incentive

The Organization is required to make employer contributions to TRS for members who retired under the 1993-1995 Early Retirement Incentive. For each year of service purchased, members received an equal number of years of age. Employers contributed 20% of the highest salary used in the calculation of final average salary for each year purchased; member contributions were also required. Employer contributions could be made in a lump sum, over five years in quarterly installments, or under a different schedule approved by the TRS board of trustees. For the years ended June 30, 2023 and 2022, the Organization paid no employer contributions under the Early Retirement Incentive.

Early Retirement Option

The Organization is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option. The payments vary depending on the age and salary of the member. No member or employer contributions are required if the member has 34 years of service. The maximum employer payment of 100% of the member's highest salary used in the calculation of final average salary is required if the member is 55 years old. For the years ended June 30, 2023 and 2022, the Organization paid no employer contributions under the Early Retirement Option.

TRS financial information, an explanation of TRS's benefits, and descriptions of member, employer and state funding requirements can be found in the TRS Comprehensive Annual Financial Report. The report may be obtained by writing to the Teachers' Retirement System of the state of Illinois, PO Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253.

403(b) and 403(b)(7) Plans

The Organization has two tax deferred annuity plans pursuant to Section 403(b) and 403(b)(7) covering all employees. The plans are funded solely by employee contributions.

NOTE 9 SIGNIFICANT CONCENTRATIONS, COMMITMENTS, AND CONTINGENCIES

Accounting principles generally accepted in the United States of America require disclosure of information about current vulnerabilities due to contingencies and certain concentrations.

Concentrations

During the years ended June 30, 2023 and 2022, the Organization received 89% and 81% of its revenues from state funding, respectively.

FDIC Limits

The Organization maintains a large portion of its cash and cash equivalents in one commercial bank. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specific limits. Balances in excess of FDIC limits are uninsured.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 SIGNIFICANT CONCENTRATIONS, COMMITMENTS, AND CONTINGENCIES
(CONTINUED)

Contingency

In September 2020, the Board of Education for an individual school district filed suit against the Illinois State Board of Education (ISBE) and PCCS, challenging ISBE's decision to renew PCCS' charter for the 2019-2024 school years. The complaint was denied in October 2022. In November 2022, an appeal was filed. PCCS will continue to monitor and vigorously defend this matter. The amount of liability, if any, from the outcome of this matter cannot presently be estimated.

NOTE 10 UNCERTAINTY IN INCOME TAX

The Organization is exempt from federal income taxes as provided in Section 501(c)(3) and 170(c)(2)(B) of the IRC. The Organization, having qualified for exemption under provisions of the IRC, is also exempt from state income taxes.

NOTE 11 PAYCHECK PROTECTION PROGRAM

On January 29, 2021, the Organization received a loan from Lake Forest Bank & Trust Company, N.A. in the amount of \$831,727 to fund payroll, rent, utilities, and interest on mortgages and existing debt as a second draw Paycheck Protection Program (PPP) Loan. The PPP Loan bears interest at a fixed rate of 1% per annum, has a term of two years, and is secured and guaranteed by the U.S. Small Business Association (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA. The covered period from January 29, 2021 to July 15, 2021, is the time that the Organization had to spend its PPP Loan funds.

The Organization was following ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On December 14, 2021, the SBA processed the Organization's PPP Loan forgiveness application and notified Lake Forest Bank & Trust Company, N.A. that the PPP Loan qualified for partial forgiveness. The SBA formally forgave \$802,801 of the Organization's obligation under this PPP Loan. Therefore, the Organization was legally released from this portion of the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in the consolidated statements of activities for the year ended June 30, 2022. The Organization was required to pay back \$28,926 of the PPP loan, as that amount was not forgiven. As of June 30, 2022, this amount is presented on the consolidated statements of financial position as a PPP Loan. This amount was subsequently paid in August 2022.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 PRIOR PERIOD ADJUSTMENT – RESTATEMENT OF AMOUNTS

During the year ended June 30, 2023, management determined that certain accrued expenses were incorrectly excluded from the consolidated financial statements as of and for the year ended June 30, 2022. Both liabilities and expenses were understated by \$210,370 as of and for the year ended June 30, 2022. The effect of this restatement on the consolidated financial statements as of and for the year ended June 30, 2022 was to increase both accrued expenses and other liabilities and salaries by \$210,370. The adjustment decreased previously reported net assets without donor restrictions by \$210,370.

NOTE 13 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 31, 2023, the date the consolidated financial statements were available to be issued. Events or transactions occurring after June 30, 2023, but prior to October 31, 2023 that provided additional evidence about conditions that existed at June 30, 2023, have been recognized in the consolidated financial statements for the year ended June 30, 2023. Events or transactions that provided evidence about conditions that did not exist at June 30, 2023 but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended June 30, 2023.

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2023
WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	2023					(Restated) 2022
	PCCS	Holdings	BCB	Eliminations	Total	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 3,213,223	\$ -	\$ 9,266	\$ -	\$ 3,222,489	\$ 3,312,866
Cash Restricted to Investment in Property	-	43,703	127,626	-	171,329	148,829
Certificate of Deposit	-	306,696	-	-	306,696	306,696
Grants Receivable	145,094	-	-	-	145,094	36,609
Other Receivables	18,059	-	-	-	18,059	20,271
Due from Holdings	951,754	-	-	(951,754)	-	-
Due from PCCS	-	-	-	-	-	-
Due from BCB	719,255	1,226,834	-	(1,946,089)	-	-
Charter Renewal Fees	6,378	-	-	-	6,378	12,756
Prepaid Assets	14,432	-	-	-	14,432	4,255
Investment in PCCS Holdings, LLC	(507,190)	-	-	507,190	-	-
Investment in Byron Colby Barn, LLC	126,280	-	-	(126,280)	-	-
Total Current Assets	4,687,285	1,577,233	136,892	(2,516,933)	3,884,477	3,842,282
DEPOSIT REQUIRED BY LOAN AGREEMENT	-	-	556,778	-	556,778	556,778
PROPERTY AND EQUIPMENT, NET	59,585	7,096,794	2,242,339	-	9,398,718	9,739,244
Total Assets	<u>\$ 4,746,870</u>	<u>\$ 8,674,027</u>	<u>\$ 2,936,009</u>	<u>\$ (2,516,933)</u>	<u>\$ 13,839,973</u>	<u>\$ 14,138,304</u>

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023
WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	2023					(Restated) 2022
	PCCS	Holdings	BCB	Eliminations	Total	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 168,961	\$ -	\$ -	\$ -	\$ 168,961	\$ 209,761
Due to Holdings	-	-	1,226,834	(1,226,834)	-	-
Due to PCCS	-	951,754	719,255	(1,671,009)	-	-
Accrued Expenses and Other Liabilities	334,753	-	-	-	334,753	485,316
Current Maturities of Bond Payable	-	122,500	-	-	122,500	117,500
Current Maturities of Capital Lease Obligations	6,302	-	-	-	6,302	6,025
Paycheck Protection Program Loan	-	-	-	-	-	28,926
Unearned Revenue	20,935	-	-	-	20,935	26,370
Total Current Liabilities	530,951	1,074,254	1,946,089	(2,897,843)	653,451	873,898
LONG-TERM LIABILITIES						
Bond Payable, Less Current Maturities Above	-	8,106,963	863,640	-	8,970,603	9,095,278
Capital Lease Obligations, Less Current Maturities Above	10,003	-	-	-	10,003	16,306
Total Long-Term Liabilities	10,003	8,106,963	863,640	-	8,980,606	9,111,584
Total Liabilities	540,954	9,181,217	2,809,729	(2,897,843)	9,634,057	9,985,482
NET ASSETS						
Without Donor Restrictions	4,200,383	-	-	-	4,200,383	4,146,759
With Donor Restrictions	5,533	-	-	-	5,533	6,063
Members' Equity	-	(507,190)	126,280	380,910	-	-
Total Net Assets	4,205,916	(507,190)	126,280	380,910	4,205,916	4,152,822
Total Liabilities and Net Assets	\$ 4,746,870	\$ 8,674,027	\$ 2,936,009	\$ (2,516,933)	\$ 13,839,973	\$ 14,138,304

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED INFORMATION FOR YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	2023					(Restated) 2022
	PCCS	Holdings	BCB	Eliminations	Total	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS						
Revenues, Gains (Losses), and Other Support:						
General State Aid	\$ 6,094,123	\$ -	\$ -	\$ -	\$ 6,094,123	\$ 5,849,082
Contributions	6,396	-	-	-	6,396	7,610
Fundraising	20,238	-	-	-	20,238	1,074
Grants:						
State Grants	140,629	-	-	-	140,629	133,188
Federal Special Education	301,308	-	-	-	301,308	170,644
Other	33,929	-	-	-	33,929	15,836
School and Program Fees	315,331	-	-	-	315,331	210,893
Rent Income	20,447	446,591	-	(446,591)	20,447	11,955
Net Investment Return, Appropriated to Cash and Cash Equivalents	4,491	-	-	-	4,491	505
Net Investment Return, Appropriated from Investment in PCCS Holdings, LLC	(288,864)	-	-	288,864	-	-
Net Investment Return, Appropriated from Investment in Byron Colby Barn, LLC	(44,665)	-	-	44,665	-	-
Gain on Extinguishment of Debt	-	-	-	-	-	802,801
Loss on Sale of Property and Equipment	-	-	-	-	-	-
Other Expense	(57,128)	-	-	-	(57,128)	4,824
Total Revenues, Gains (Losses), and Other Support	6,546,235	446,591	-	(113,062)	6,879,764	7,208,412
Net Assets Released from Restrictions	895	-	-	-	895	-
Total Revenues, Gains, and Other Support Without Donor Restrictions	6,547,130	446,591	-	(113,062)	6,880,659	7,208,412
Expenses:						
Program Services	5,216,084	585,188	35,732	(446,591)	5,390,413	5,167,682
Fundraising	530	-	-	-	530	5,595
Management and General	1,276,892	150,267	8,933	-	1,436,092	1,342,450
Total Expenses	6,493,506	735,455	44,665	(446,591)	6,827,035	6,515,727
Increase (Decrease) in Net Assets Without Donor Restrictions	53,624	(288,864)	(44,665)	333,529	53,624	692,685
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS						
Grants and Contributions	365	-	-	-	365	-
Net Assets Released from Restrictions	(895)	-	-	-	(895)	-
Increase (Decrease) in Net Assets With Donor Restrictions	(530)	-	-	-	(530)	-
CHANGE IN NET ASSETS	53,094	(288,864)	(44,665)	333,529	53,094	692,685
Net Assets - Beginning of Year	4,152,822	(218,326)	170,945	47,381	4,152,822	3,460,137
NET ASSETS - END OF YEAR	<u>\$ 4,205,916</u>	<u>\$ (507,190)</u>	<u>\$ 126,280</u>	<u>\$ 380,910</u>	<u>\$ 4,205,916</u>	<u>\$ 4,152,822</u>

PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED INFORMATION FOR YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	2023				(Restated) 2022
	Program Services	Fundraising	Management and General	Total	Total
PCCS					
Salaries	\$ 2,947,410	\$ -	\$ 634,706	\$ 3,582,116	\$ 3,607,249
Benefits	405,490	-	42,649	448,139	481,519
Payroll Taxes	105,146	-	39,224	144,370	135,368
Subtotal	3,458,046	-	716,579	4,174,625	4,224,136
Accounting Expense	-	-	56,123	56,123	49,975
Club Expenses	99,020	-	17,793	116,813	113,561
Community Outreach	-	-	74,756	74,756	88,944
Dues	-	-	20,609	20,609	35,040
Educational Materials and Supplies	63,973	-	-	63,973	38,614
Fundraising	-	530	-	530	5,595
Grants	334,310	-	-	334,310	189,941
Hot Lunches and Field Trips	74,270	-	-	74,270	21,743
Legal Expense	-	-	28,738	28,738	21,954
Liability Insurance	69,911	-	17,478	87,389	112,082
Miscellaneous Expense	-	-	365	365	-
Other Professional Fees	95,521	-	23,880	119,401	49,006
Office Expense	26,915	-	130,955	157,870	46,671
Out of District Placement	-	-	68,730	68,730	82,135
Professional Development	59,128	-	14,783	73,911	30,889
Rent Expense	446,591	-	-	446,591	444,833
Repairs and Maintenance	141,153	-	35,287	176,440	218,133
Real Estate Taxes	-	-	57,860	57,860	57,498
Special Education Professional Fees	244,264	-	-	244,264	207,425
Transportation	42,688	-	-	42,688	58,291
Utilities	42,231	-	10,557	52,788	67,022
Total Expenses	5,198,021	530	1,272,491	6,471,042	6,163,488
Depreciation and Amortization	16,901	-	4,225	21,126	51,237
Interest Expense	1,162	-	176	1,338	1,145
Total PCCS	5,216,084	530	1,276,892	6,493,506	6,215,870
HOLDINGS					
Accounting Expense	-	-	3,360	3,360	2,499
Legal Expense	-	-	-	-	1,995
Depreciation and Amortization	235,450	-	58,863	294,313	267,891
Interest Expense	349,738	-	87,435	437,173	435,846
Miscellaneous Expense	-	-	609	609	-
Total Holdings	585,188	-	150,267	735,455	708,231
BCB					
Depreciation and Amortization	35,732	-	8,933	44,665	36,459
Total Byron Colby Barn	35,732	-	8,933	44,665	36,459
Total Expenses before Eliminations	5,837,004	530	1,436,092	7,273,626	6,960,560
Total Eliminations	(446,591)	-	-	(446,591)	(444,833)
Total Expenses	\$ 5,390,413	\$ 530	\$ 1,436,092	\$ 6,827,035	\$ 6,515,727



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**PRAIRIE CROSSING CHARTER SCHOOL
AND ITS SUBSIDIARIES**

COMPLIANCE AUDIT

YEAR ENDED JUNE 30, 2023



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**PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS OF APPLICABLE LAWS AND REGULATIONS
PRESCRIBED BY ADMINISTERING AGENCY**

Board of Directors
Prairie Crossing Charter School and its Subsidiaries
Grayslake, Illinois

Opinion on Compliance with ISBE Requirements

We have audited Prairie Crossing Charter School and its Subsidiaries' (PCCS) compliance with the types of compliance requirements provided by its administering agency, the Illinois State Board of Education (ISBE), that are applicable to PCCS for the year ended June 30, 2023. ISBE provided the compliance requirements subject to audit to PCCS in its 2023 audit program and a charter school agreement and accountability plan dated July 24, 2014, originally agreed to between PCCS and the Illinois State Charter School Commission (ISCSC).

In our opinion, PCCS complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS) and the 2023 audit guide published by ISBE. Our responsibilities under those standards and the 2023 audit guide published by ISBE are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of PCCS and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of PCCS's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for the compliance with the state laws and regulations as identified below.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to below occurred, whether due to fraud or error, and express an opinion on PCCS's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the 2023 audit guide published by ISBE will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about PCCS's compliance with the requirements of the government program as a whole.

Board of Directors
Prairie Crossing Charter School and its Subsidiary

In performing an audit in accordance with GAAS and the 2023 audit guide published by ISBE, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding PCCS's compliance with the compliance requirements referred to below and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of PCCS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2023 audit guide published by ISBE, but not for the purpose of expressing an opinion on the effectiveness of PCCS's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine PCCS's compliance with the laws and regulations applicable to the following items:

- The Open Meetings Act (5 ILCS 120/1 *et seq.*).
- Sections 10-21.9 and 34-18.5 of the Illinois School Code (105 ILCS 5/10-21.9 and 105 ILCS 5/34-18.5) regarding criminal background investigations and checks of the statewide sex offender database and statewide murderer and violent offender against youth database of applicants for employment.
- The Illinois School Student Records Act (105 ILCS 10/1 *et seq.*).
- Administering Medication (105 ILCS 5/10-22.21b)
- Hazardous Materials Training (105 ILCS 5/10-20.17a).
- School Safety Drill Act (105 ILCS 128/1 *et seq.*)
- The Abused and Neglected Child Reporting Act (325 ILCS 5/1 *et seq.*).
- Eye Protection in School Act (105 ILCS 115/0.01 *et seq.*).
- Toxic Art Supplies in Schools Act (105 ILCS 135/1 *et seq.*).
- Infectious Disease Policies and Rules (105 ILCS 5/10-21.11).
- Physical Fitness Facility Medical Emergency Preparedness Act (210 ILCS 74/1 *et seq.*).
- All applicable health and safety regulations of the State of Illinois and the local municipalities, including without limitation those laws specifically identified by the Commission or the State Board as being applicable to charter school. (<https://www.isbe.net/Documents/Non-Curricular Health and Safety 2017.pdf>)

**Board of Directors
Prairie Crossing Charter School and its Subsidiary**

Compliance Requirements Tested (Continued)

- Conformance with the following sections of the charter school agreement:
 - Section 4: Attendance and Enrollment.
 - Section 4: Governance and Operation.
 - Section 5: Maintenance of Corporate Status and Good Standing.
 - Section 5: Facility.
 - Section 6: Pension Payments.
 - Section 6: Management and Financial Controls.
 - Section 8: Insurance.

Purpose of this Report

The purpose of this report on compliance with ISBE requirements is solely to describe the results of testing based on the requirements of the 2023 audit guide published by ISBE. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Racine, Wisconsin
October 31, 2023

**PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2023**

No current year findings.

**PRAIRIE CROSSING CHARTER SCHOOL AND ITS SUBSIDIARIES
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2023**

No prior year findings.



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