

Urban Learning Collaborative, Inc.  
6737 W. Washington Street, Suite 1420  
West Allis, WI 53214

In planning and performing our audit of the financial statements of Urban Learning Collaborative, Inc. for the year ended June 30, 2023, we considered the Organization's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of the following matter that is an opportunity for strengthening internal controls and operating efficiency:

- During a test of nine employees it was noted that one employee was overpaid due to an incorrect calculation of the regular payroll amount. It is recommended that the review of payroll include a recalculation against employee pay to determine if payment is accurate.

This letter does not affect our report dated October 26, 2023, on the financial statements of Urban Learning Collaborative, Inc.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various Organization personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

  
RITZ HOLMAN LLP  
Certified Public Accountants

October 26, 2023

**Ritz Holman LLP**  
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**URBAN LEARNING COLLABORATIVE, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(With Summarized Totals for the Year Ended June 30, 2022)**

URBAN LEARNING COLLABORATIVE, INC.

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## Independent Auditor's Report

Board of Directors  
Urban Learning Collaborative, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Urban Learning Collaborative, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Urban Learning Collaborative, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Urban Learning Collaborative, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban Learning Collaborative, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Board of Directors  
Urban Learning Collaborative, Inc.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Urban Learning Collaborative, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban Learning Collaborative, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited Urban Learning Collaborative, Inc.'s June 30, 2022, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Directors  
Urban Learning Collaborative, Inc.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of MPS contract revenues and expenditures is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and in accordance with the *State Single Audit Guidelines*, is presented for purposes of additional analysis and is also 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 October 26, 2023, on our consideration of Urban Learning Collaborative, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Urban Learning Collaborative, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Urban Learning Collaborative, Inc.'s internal control over financial reporting and compliance.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
October 26, 2023

**URBAN LEARNING COLLABORATIVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**  
**(With Summarized Totals for June 30, 2022)**

ASSETS		2023	2022
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents		\$ 316,100	\$ 537,137
Grants Receivable		822,325	780,793
Accounts Receivable		122,624	85,894
Prepaid Expenses		111,656	53,086
Total Current Assets		\$ 1,372,705	\$ 1,456,910
<b>FIXED ASSETS</b>			
Fixed Assets		\$ 231,165	\$ 231,165
Less: Accumulated Depreciation		(199,915)	(186,110)
Total Fixed Assets		\$ 31,250	\$ 45,055
<b>LEASES</b>			
Right-of-Use Asset - Operating		\$ 706,071	\$ ---
Right-of-Use Asset - Finance		32,771	---
Total Leases		\$ 738,842	\$ ---
<b>OTHER NON-CURRENT ASSETS</b>			
Security Deposit		\$ 3,242	\$ 3,242
TOTAL ASSETS		\$ 2,146,039	\$ 1,505,207
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable		\$ 169,698	\$ 223,345
Accrued Payroll		166,973	154,162
Current Lease Liability - Operating		354,824	---
Current Lease Liability - Finance		7,659	---
Total Current Liabilities		\$ 699,154	\$ 377,507
<b>NON CURRENT LIABILITIES</b>			
Lease Liability - Operating		\$ 359,667	\$ ---
Lease Liability - Finance		25,715	---
Total Non Current Liabilities		\$ 385,382	\$ ---
<b>OTHER LIABILITIES</b>			
Accrued Rent		\$ 6,885	\$ 4,865
TOTAL LIABILITIES		\$ 1,091,421	\$ 382,372
<b>NET ASSETS</b>			
Without Donor Restrictions		\$ 1,004,447	\$ 1,073,110
With Donor Restrictions		50,171	49,725
Total Net Assets		\$ 1,054,618	\$ 1,122,835
TOTAL LIABILITIES AND NET ASSETS		\$ 2,146,039	\$ 1,505,207

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

**URBAN LEARNING COLLABORATIVE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(With Summarized Totals for the Year Ended June 30, 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>REVENUE</b>				
Charter School Funding	\$ 2,655,062	\$ ---	\$ 2,655,062	\$ 2,982,964
Grants	1,618,449	---	1,618,449	1,129,419
Paycheck Protection Program	---	---	---	593,300
Contributions	62,825	19,500	82,325	44,005
Special Event Revenue	8,147	---	8,147	---
Teacher Certification	306,846	---	306,846	339,972
Professional Development Services	50,133	---	50,133	12,788
Student Fees	3,014	---	3,014	5,260
Interest Income	3,559	---	3,559	3,412
Other Revenue	19,842	---	19,842	6,252
Net Assets Released from Restrictions	19,054	(19,054)	---	---
Total Revenue	\$ 4,746,931	\$ 446	\$ 4,747,377	\$ 5,117,372
<b>EXPENSES</b>				
Program	\$ 4,383,395	\$ ---	\$ 4,383,395	4,509,634
Management	345,030	---	345,030	333,981
Fundraising	87,169	---	87,169	64,072
Total Expenses	\$ 4,815,594	\$ ---	\$ 4,815,594	\$ 4,907,687
CHANGE IN NET ASSETS	\$ (68,663)	\$ 446	\$ (68,217)	\$ 209,685
Net Assets, Beginning of Year	1,073,110	49,725	1,122,835	913,150
NET ASSETS, END OF YEAR	\$ 1,004,447	\$ 50,171	\$ 1,054,618	\$ 1,122,835

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



**URBAN LEARNING COLLABORATIVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(With Summarized Totals for the Year Ended June 30, 2022)**

	Program Services				Supporting Activities		2023 Total Expenses	2022 Total Expenses
	Charter School	Teacher Certification	Professional Learning Services	Total Program Services	Management and General	Fundraising		
Personnel	\$ 2,098,457	\$ 274,554	\$ 52,293	\$ 2,425,304	\$ 262,084	\$ 24,580	\$ 2,711,968	\$ 3,110,897
MPS Admin Fees	79,652	---	---	79,652	---	---	79,652	89,489
Special Ed Program Fees	95,968	---	---	95,968	---	---	95,968	147,048
Professional Fees	617,586	31,075	775	649,436	38,557	26,175	714,168	190,461
Information Technology	97,382	3,061	276	100,719	4,184	500	105,403	189,211
Office Expenses	47,494	8,886	555	56,935	7,085	911	64,931	101,483
Marketing and Promotion	25,679	4,094	273	30,046	3,171	5,534	38,751	40,018
Dues and Subscriptions	1,504	276	4	1,784	7,408	4	9,196	4,111
Occupancy	487,231	31,140	2,595	520,966	18,499	2,595	542,060	482,528
Insurance	71,265	3,301	299	74,865	500	299	75,664	69,980
Equipment	589	---	---	589	272	---	861	27,440
Depreciation	21,167	---	---	21,167	---	---	21,167	30,312
Program Supplies	65,859	216	1,409	67,484	1,269	33	68,786	168,777
Field Trips and Activities	8,076	---	---	8,076	---	---	8,076	3,253
Event Fees and Supplies	295	---	1,232	1,527	422	26,200	28,149	9,069
Conferences and Meetings	8,337	1,947	789	11,073	1,516	338	12,927	9,306
Student Transportation	235,348	---	---	235,348	---	---	235,348	211,907
Travel	1,465	216	---	1,681	1	---	1,682	969
Bad Debts	106	---	---	106	---	---	106	20,602
Other Expense	669	---	---	669	62	---	731	826
<b>TOTALS</b>	<b>\$ 3,964,129</b>	<b>\$ 358,766</b>	<b>\$ 60,500</b>	<b>\$ 4,383,395</b>	<b>\$ 345,030</b>	<b>\$ 87,169</b>	<b>\$ 4,815,594</b>	<b>\$ 4,907,687</b>

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

**URBAN LEARNING COLLABORATIVE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(With Summarized Totals for the Year Ended June 30, 2022)**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (68,217)	\$ 209,685
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	21,167	30,313
Forgiveness of the Paycheck Protection Program Loan	---	(593,300)
(Increase) Decrease in Grants Receivable	(41,532)	(542,462)
(Increase) Decrease in Accounts Receivable	(36,730)	---
(Increase) Decrease in Prepaid Expenses	(58,570)	20,924
(Increase) Decrease in Operating Lease Asset	(706,071)	---
Increase (Decrease) in Operating Lease Liability	714,491	---
Increase (Decrease) in Accounts Payable	(53,647)	187,660
Increase (Decrease) in Accrued Payroll	12,811	(60,782)
Increase (Decrease) in Accrued Rent	2,020	(2,020)
	<u>\$ (214,278)</u>	<u>\$ (749,982)</u>
Net Cash Used by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ ---	\$ (22,100)
	<u>\$ ---</u>	<u>\$ (22,100)</u>
Net Cash Used by Investing Activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Finance Leases	\$ (6,759)	\$ ---
	<u>\$ (6,759)</u>	<u>\$ ---</u>
Net Cash Used by Financing Activities		
Net Decrease in Cash and Cash Equivalents	\$ (221,037)	\$ (772,082)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>537,137</u>	<u>1,309,219</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 316,100</u>	<u>\$ 537,137</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Finance Lease Asset Received in Exchange for Lease Liability	\$ 40,133	\$ ---
Interest Paid	\$ 1,370	\$ ---

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

**URBAN LEARNING COLLABORATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**URBAN LEARNING COLLABORATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

Urban Learning Collaborative, Inc. (ULC), formerly Milwaukee Teacher Education Center (MTEC), is a not-for-profit, comprehensive, results-oriented, professional development center designed to prepare, support and retain teachers and school leaders across Wisconsin. We support children and their learning by offering educators certification programs, customized professional development workshops and elbow-to-elbow instructional coaching that are all focused upon increasing learning and closing achievement gaps.

**Certification - Becoming a Teacher with ULC**

Our model of personalized coaching-into-practice aligned to teaching standards lies at the core of our certification programs and Professional Learning Services. Whether you are an individual seeking initial licensure or a veteran teacher seeking to further your career, you will be provided with a highly qualified mentor to guide and support your professional growth.

**Professional Development - We Can Be Your Mentor**

In 2005, ULC's Professional Learning Services (PLS) was created in response to the professional development needs expressed by leadership in area schools. Continuous improvement is critical to the success of any school or district. ULC currently provides the following areas of services: instructional strategies, assessment, literacy, customized coaching programs, planning and preparation, English language learning.

**Our School - Meet Me at Mesa**

In 2011, the ULC board of directors commissioned a team of accomplished former principals and staff members to design an innovative charter school proposal. The resulting school, Milwaukee Environmental Sciences Academy (MESA), has adopted the Expeditionary Learning model which supports teachers in designing learning projects that combine academic rigor and character development.

**Accounting Method**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

**Accounts Receivable**

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**URBAN LEARNING COLLABORATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Grants Receivable**

Grants receivable includes government and other grant revenue earned but not yet received by the Organization. Revenue is considered to be earned when the services are performed or related costs to be reimbursed have been incurred.

**Pledges Receivable**

Pledges receivable includes unconditional promises expected to be received in future periods. Pledge balances are included in net assets with donor restrictions unless the donor has directed that the funds are for a period or purpose of which the restriction is already met.

**Allowance for Uncollectible Accounts**

The financial statements include an allowance for uncollectible receivables established by management for amounts that are not currently being collected in accordance with the terms of the agreements.

**Fixed Assets**

Fixed Assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes all fixed assets greater than \$5,000.

**Leases**

The Organization recognizes operating and finance leases in accordance with the *FASB Accounting Standards Codification (ASC) 842*. A lease exists when an organization has the right to control the use of property, plant or equipment over a lease term. The lessee classifies a lease as either a finance or operating lease. The accounting of a finance lease is similar to when an asset is purchased. An operating lease is when the right-of-use of an asset exists over the lease-term, but that the lease doesn't meet the definition of a finance lease. The Organization has elected not to apply the recognition requirements in ASC 842 to short-term leases (those with a term of 12 or less months) and no expected purchase at the end of the term. The Organization has elected to use the risk free interest rate as a practical expedient. The rate is used for all leases.

**Contributions and Grant Revenue**

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

**URBAN LEARNING COLLABORATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Contributions and Grant Revenue (continued)**

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

**Government Grants and Contract Revenue**

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

**Functional Expenses**

The Organization allocates costs directly to program, management, or fundraising whenever possible. Certain salaries are attributable to one or more programs or supporting functions of the Organization. Those salaries are allocated to programs and supporting functions based on an estimate of time and direct salaries in each program or function.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**URBAN LEARNING COLLABORATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE B - Accounting Standard Changes and Future Accounting Pronouncement**

**Accounting Standards Changes**

The Organization's financial statements include implementation of the following accounting standards updates:

*Accounting Standards Update 2020-07, Not-for-Profit entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This update requires contributed nonfinancial assets to be reported as a separate line in the statement of activities. A financial statement note is required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments in this update are applied on a retrospective basis. The implementation of this standard has not materially affected the financial statements of the Organization.

*Accounting Standards Update 2020-08, Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs.* This update clarifies that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-32-33 for each reporting period. This amendment impacts the effective yield of an existing individual callable debt security. Amendments in this update are applied on a prospective basis as of the beginning of the period of adoption for existing or newly purchased callable debt securities. The implementation of this standard has not materially affected the financial statements of the Organization.

*Accounting Standards Update 2016-02, Leases (Topic 842), which supersedes existing guidance in Topic 840, Leases.* The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the statement of financial position for operating leases.

The Organization adopted the leasing standards effective July 1, 2022, using the modified retrospective approach with July 1, 2022, as the initial date of application. Using this method, a cumulative-effect adjustment to net assets is recognized in the period of adoption. The Organization elected to use all available practical expedients provided in the transition guidance. These allowed the Organization to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use asset impairment. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged.

**URBAN LEARNING COLLABORATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE B - Accounting Standard Changes and Future Accounting Pronouncement (continued)**

**Future Accounting Pronouncement**

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* will be effective for fiscal years beginning after December 15, 2022. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current generally accepted accounting principles with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**NOTE C - Comparative Financial Information**

The financial information shown for 2022 in the accompanying financial statements is included to provide a basis for comparison with 2023. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

**NOTE D - Liquidity**

The Organization's operations are primarily funded through per-pupil funding, teacher certification revenue, and supplemental funding received from federal, state and local source funds received throughout the year. Government grants for MESA are paid on a cost reimbursement basis, while the per pupil allocation is paid in three payments throughout the year. The Organization has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures and to pay obligations as they become due. Assets subject to donor or other contractual restrictions are excluded from financial assets available for use as they are not considered to be available for general use. The Organization has a committed line of credit of \$200,000, which it could draw upon in the event of a liquidity need.



**URBAN LEARNING COLLABORATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE D - Liquidity (continued)**

Financial assets available for use consist of the following as of June 30, 2023:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 316,100
Grants Receivable	822,325
Accounts Receivable	122,624
Amounts Subject to Donor Restrictions	<u>(50,171)</u>
Financial Assets Available for Use	<u>\$1,210,878</u>

**NOTE E - Concentration of Risk**

The Organization maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, the Organization's uninsured cash balances total \$10,302.

The Organization's received 89% of its revenue through the Milwaukee Public Schools charter school program and 91% of receivables are from the Milwaukee Public Schools resulting in a concentration of revenue and receivables from one source.

**NOTE F - Grants and Accounts Receivable**

Grant receivable consists of the following as of June 30, 2023:

<u>Source</u>	<u>Amount</u>
Milwaukee Public Schools	
ESSER	\$771,865
Title I	<u>50,460</u>
Total Grants Receivable	<u>\$822,325</u>

Accounts receivable consists of the following as of June 30, 2023:

<u>Source</u>	<u>Amount</u>
Mount Mary University	\$ 61,942
MPS Services Reimbursements	49,689
Other Receivables for Services Performed	44,551
Credit Card Receivables	<u>300</u>
Total Accounts Receivable	\$156,482
Allowance for Doubtful Accounts	<u>(33,858)</u>
Accounts Receivable	<u>\$122,624</u>

**URBAN LEARNING COLLABORATIVE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE G - Conditional Contributions and Grants**

The Organization has several contracts with the government which include specific use stipulations requiring funds be used only on qualifying expenses determined by the grant contracts and allowable cost policies. The Organization will not receive the grant funds unless spent on the required activity and within the allowable cost guidance. As of June 30, 2023, the Organization's conditional grants consist of:

<u>Grant</u>	<u>Grant Period</u>	<u>Balance Available</u>
ESSER III	March 13, 2020 - September 30, 2024	<u>\$ 2,614,746</u>
Total Grants Available in Future Periods		<u><u>\$ 2,614,746</u></u>

**NOTE H - Fixed Assets**

Fixed assets at June 30, 2023, consist of the following:

<u>Source</u>	<u>Amount</u>
Computers - MESA	\$ 124,369
Computers - ULC	4,829
Equipment - MESA	99,116
Equipment - ULC	<u>2,851</u>
Total Fixed Assets	\$ 231,165
Less: Accumulated Depreciation	<u>(199,915)</u>
Net Fixed Assets	<u><u>\$ 31,250</u></u>

**NOTE I - Line of Credit**

The Organization has a line of credit for \$200,000 with an interest rate equal to the Prime Rate, which was 8.25% as of June 30, 2023, that expires February 28, 2024. The line of credit is secured by all of the tangible and personal property of the Organization. At June 30, 2023, the line of credit was not in use.

**NOTE J - School Contracts**

Milwaukee Environmental and Sciences Academy has a non-instrumentality charter school contract with Milwaukee Public Schools through June 30, 2025.

**URBAN LEARNING COLLABORATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE K - Revenue From Contracts with Customers**

The Organization offers teacher certification and professional development to individuals. Individuals or their sponsors can pay up front, on a payment plan, or be billed at a later date. Milwaukee Public Schools also commissions the Organization to teach certification programs and pays ULC for these services. In addition, the Organization has an agreement with Mount Mary University to offer teacher certification courses. The Organization submits expenses related to these courses to Mount Mary University and the two organizations split any net revenue after all expenses.

Revenue is earned over the period of the certification or professional development services. Total teacher certification revenue was \$306,846 and professional development services revenue was \$50,133 for the year ended June 30, 2023. There were no obligations as of June 30, 2022, or June 30, 2023. Accounts receivable for services performed was \$81,649 and \$111,631 as of June 30, 2022 and June 30, 2023, respectively.

**NOTE L - Net Assets with Donor Restrictions**

Net assets with donor restrictions consist on the following as of June 30, 2023:

<u>Purpose</u>	<u>Amount</u>
Second Step	\$18,000
MESA Dome	5,099
Garden	5,125
Eco-STEM Learning	4,458
Fund for Lake Michigan	7,826
Sweet Water	4,449
Gala Sponsorships	1,500
Science Programming	<u>3,714</u>
Total	<u>\$50,171</u>

**NOTE M - Retirement Benefits**

The Organization has a voluntary 403(b) before-tax savings plan, eligible to all employees. The Organization may provide a match at a fiscal year end up to a maximum percentage of the employee's contribution, which employees are eligible for after 1 year of employment.

In July 2023, the Organization paid a match of employee contributions up to 5% of each employee's compensation. Retirement expense was \$43,074 for the year ended June 30, 2023. The match is included in accrued payroll as of June 30, 2023.

**NOTE N - Leasing Activities**

**Operating Leases**

The Organization leases the Milwaukee Environmental Sciences Academy (MESA) school at 6600 West Melvina Street in Milwaukee, Wisconsin. The lease was extended for three years continuing from July 1, 2022 through June 30, 2025. The lease requires monthly payments of \$29,413 and will escalate after every year throughout the term of lease.

**URBAN LEARNING COLLABORATIVE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE N - Leasing Activities (continued)**

**Operating Leases (continued)**

The Organization leases office space at 6737 West Washington Street in Milwaukee, Wisconsin. The lease has a five year term beginning November 1, 2018, through November 30, 2023. The lease required monthly payments of \$3,648.

**Finance Leases**

The Organization has one finance lease obligation for ten copiers, which are being leased for 60 months. The lease started in August 2022 and will end in July 2027. The copiers are amortized over the life of their respective leases.

**Lease Term and Discount Rate**

The weighted average discount rate for operating leases is:	4.50%
The weighted average remaining lease term in years for operating leases is:	1.96 years
The weighted average discount rate for finance leases is:	4.13%
The weighted average remaining lease term in years for finance leases is:	4.08 years

**Lease Cost and Cash Flow Information**

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended June 30, 2023:

	<u>Amount</u>
Operating Lease Costs:	
Occupancy Expense	\$ 400,690
Finance Lease Costs:	
Amortization of Lease Asset	\$ 7,362
Interest on Lease Liabilities	\$ 1,370

The following summarizes cash flow information related to leases for the year ended June 30, 2023:

	<u>Amount</u>
Operating Cash Flows from Operating Leases	\$ 396,207
Operating Cash Flows from Finance Leases	\$ 1,370
Financing Cash Flows from Finance Leases	\$ 6,759

Lease assets obtained in exchange for lease obligations:	
Finance Leases	\$ 40,133

**URBAN LEARNING COLLABORATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE N - Leasing Activities (continued)**

**Maturities of Leases**

The maturities of lease liabilities as of June 30, 2023, were as follows:

<u>Year Ending June 30:</u>	<u>Operating</u>	<u>Finance</u>
2024	\$378,257	\$ 8,868
2025	367,215	8,868
2026	---	8,868
2027	---	8,868
2028	<u>---</u>	<u>739</u>
Total Lease Payments	\$745,472	\$36,211
Less: Present Value Discount	<u>(30,981)</u>	<u>(2,837)</u>
Present Value of Lease Liabilities	<u>\$714,491</u>	<u>\$33,374</u>

**Other Leasing Activity**

Subsequent to June 30, 2023, the Organization extended the lease for office space at 6737 West Washington Street in Milwaukee, Wisconsin through November 30, 2028. Lease payments for office space beginning December 1, 2023, will be \$3,241 and increase annually through the term of these. The Organization also extended the lease for storage space at 6737 West Washington Street in Milwaukee, Wisconsin through November 30, 2028. Lease payments for storage space beginning December 1, 2023, will be \$162 and remain the same for the term of the lease.

**NOTE O - Related Party Transactions**

The Organization made payments of \$27,780 to a board member's company in return for services provided during the year ended June 30, 2023. The Organization made payments of \$446,564 to a company owned by a relative of the executive director for contracted services provided during the year ended June 30, 2023.

**NOTE P - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of June 30, 2023, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties.

**NOTE Q - Subsequent Events**

The Organization has evaluated events and transactions occurring after June 30, 2023, through October 26, 2023, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that the following subsequent events need to be disclosed:

Subsequent to June 30, 2023, the Organization extended the leases for office and storage space at 6737 West Washington Street in Milwaukee, Wisconsin.

**URBAN LEARNING COLLABORATIVE, INC.**  
**SCHEDULE OF MPS CONTRACT REVENUES AND EXPENDITURES**  
**YEAR ENDED JUNE 30, 2023**

	Contract Budget	Actual	Variance
<u>Revenues</u>			
MPS Non-Instrumentality Charter School	\$ 2,769,423	\$ 2,802,159	\$ 32,736
Total Revenues	<u>\$ 2,769,423</u>	<u>\$ 2,802,159</u>	<u>\$ 32,736</u>
<u>Expenditures - Instructional and Instructional Support</u>			
Salaries	\$ 895,811	\$ 997,987	\$ 102,176
Benefits	194,648	326,758	132,110
Purchased Services	125,968	107,347	(18,621)
Materials and Equipment	64,130	48,590	(15,540)
Total Expenditures - Instructional and Instructional Support	<u>\$ 1,280,557</u>	<u>\$ 1,480,682</u>	<u>\$ 200,125</u>
<u>Expenditures - Non-Instructional Support</u>			
Salaries	\$ 616,592	\$ 639,452	\$ 22,860
Benefits	116,148	73,947	(42,201)
Purchased Services	785,348	735,871	(49,477)
Non-Instructional Materials and Equipment	73,499	54,280	(19,219)
Insurance	69,542	71,265	1,723
Total Expenditures - Non-Instructional Support	<u>\$ 1,661,129</u>	<u>\$ 1,574,815</u>	<u>\$ (86,314)</u>
Total Expenditures	<u>\$ 2,941,686</u>	<u>\$ 3,055,497</u>	<u>\$ 113,811</u>
Change in Net Assets	<u>\$ (172,263)</u>	<u>\$ (253,338)</u>	<u>\$ (81,075)</u>
Use of Prior Year Carryover	<u>\$ 172,263</u>	<u>\$ 172,263</u>	<u>\$ ---</u>

**URBAN LEARNING COLLABORATIVE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number/ State Identification	Expenditures
<b>FEDERAL EXPENDITURES</b>		
United States Department of Education		
Milwaukee Public Schools		
Title I Grants to Local Educational Agencies	84.010	\$ 274,984
Elementary and Secondary School Emergency Relief Fund	84.425 COVID	1,132,632
Total United States Department of Education		<u>\$ 1,407,616</u>
<b>TOTAL FEDERAL EXPENDITURES</b>		<u><u>\$ 1,407,616</u></u>
<b>STATE EXPENDITURES</b>		
Milwaukee Public Schools		
Special Education		\$ 147,097
Common School Fund		4,500
Total Milwaukee Public Schools		<u>\$ 151,597</u>
<b>TOTAL STATE EXPENDITURES</b>		<u><u>\$ 151,597</u></u>

The accompanying notes are an integral part of this schedule.

**URBAN LEARNING COLLABORATIVE, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Urban Learning Collaborative, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of The Uniform Guidance and the State Single Audit Guidelines. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements

**NOTE 2 - Indirect Cost Rate**

The Organization has elected to use the de minimus indirect cost rate, however federal and state awards have only been charged direct costs.



Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

To the Board of Directors  
Urban Learning Collaborative, Inc.

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 Urban Learning Collaborative, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 26, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Urban Learning Collaborative, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Urban Learning Collaborative, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Urban Learning Collaborative, Inc.'s internal control.

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
October 26, 2023

Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of  
Urban Learning Collaborative, Inc.

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Urban Learning Collaborative, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Urban Learning Collaborative, Inc.'s major federal programs for the year ended June 30, 2023. Urban Learning Collaborative, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Urban Learning Collaborative, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Urban Learning Collaborative, Inc.'s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Urban Learning Collaborative, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Urban Learning Collaborative, Inc.'s compliance with the requirements of each major federal program as a whole.

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

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

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

### **Report on Internal Control Over Compliance**

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

To the Board of Directors of  
Urban Learning Collaborative, Inc.  
Page Three

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
October 26, 2023

Independent Auditor's Report on Compliance for Each Major State Program  
and on Internal Control Over Compliance Required by the *State Single Audit Guidelines*

To the Board of Directors of  
Urban Learning Collaborative, Inc.

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited Urban Learning Collaborative, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *State Single Audit Guidelines* that could have a direct and material effect on each of Urban Learning Collaborative, Inc.'s major state programs for the year ended June 30, 2023. Urban Learning Collaborative, Inc.'s major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Urban Learning Collaborative, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Our responsibilities under those standards and the *State Single Audit Guidelines* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Urban Learning Collaborative, Inc.'s state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Urban Learning Collaborative, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *State Single Audit Guidelines* 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 Urban Learning Collaborative, Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *State Single Audit Guidelines*, 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 Urban Learning Collaborative, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Urban Learning Collaborative, Inc.'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 *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of Urban Learning Collaborative, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

To the Board of Directors of  
Urban Learning Collaborative, Inc.  
Page Three

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
October 26, 2023



Independent Auditor's Report  
on the Schedule of MPS Non-Instrumentality Charter School Revenues and Expenditures

We have audited the accompanying schedule of charter school revenues and expenditures (as defined in the contract date May 2, 2022 between MPS and Milwaukee Environmental Sciences Academy (MESA) for the year ended June 30, 2023. This schedule is the responsibility of Milwaukee Environmental Sciences Academy (MESA)'s management. Our responsibility is to (1) express an opinion on this schedule based on our audit and (2) express an opinion on Milwaukee Environmental Sciences Academy (MESA)'s compliance with the contract requirement that Milwaukee Environmental Sciences Academy (MESA) expend MPS charter school contract revenues consistent with the provisions of the contract and the 2022-2023 charter school operating budget approved by MPS Contracted Schools Services.

We conducted the audit in accordance with generally accepted auditing standards in the United States 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 schedule of charter school revenues and expenditures is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of charter school revenues and expenditures. An audit also includes assessing the accounting principles used and significant estimates made by the management of Milwaukee Environmental Sciences Academy (MESA) as well as the management of MPS. We believe that our audit provides a reasonable basis for our opinion.

*Government Auditing Standards* also require that we consider internal controls over financial reporting and compliance with requirements of laws, regulations, contracts, and grants. The management of Milwaukee Environmental Sciences Academy (MESA) is responsible for establishing and maintaining effective internal controls. In planning and performing our audit, we considered Milwaukee Environmental Sciences Academy (MESA)'s internal control over compliance with requirements that could have a direct and material effect on the financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the schedule of charter school revenues and expenditures. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving control over financial reporting and its operation that we consider to be material weaknesses.

In our opinion, (1) the schedule of charter school revenues and expenditures referred to above presents fairly, in all material respects, the expenditure and revenue activities of Milwaukee Environmental Sciences Academy (MESA) for the year ended June 30, 2023, as defined in the contract referred to in the first paragraph and (2) the expenditures reported for the year ended June 30, 2023, comply with the expenditure and annual operating budget requirements as defined in the contract referred to in the first paragraph.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
October 26, 2023

**URBAN LEARNING COLLABORATIVE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)? No

Identification of major programs:

U.S. Department of Education/ Milwaukee Public Schools  
84.425 Elementary and Secondary School Emergency Relief Fund - I

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**URBAN LEARNING COLLABORATIVE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**State Awards**

Internal control over major programs:

- |  |               |
|--|---------------|
| • Material weakness(es) identified?    | None Reported |
| • Significant deficiencies identified? | None Reported |

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines?	No
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Identification of major state programs, not included under federal programs

Special Ed

Dollar threshold used to distinguish between Type A and Type B programs under the State Single Audit Guidelines:

Type A - \$250,000  
Type B - \$62,500

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**


No matters were reported.

**SECTION V - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

No matters were reported.

**URBAN LEARNING COLLABORATIVE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**SECTION VI - OTHER ISSUES**

- |  |   |
|--|---|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?   | No  |
| 2. Does the audit report show audit issues (i.e., material noncompliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with applicable <i>State Single Audit Guidelines</i> ? | No  |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?  | Yes   |
| 4. Name and signature of partner   | <br>Diana Luttmann |
| 5. Date of report  | October 26, 2023  |