Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

October 11, 2022

To the Board of Directors and Management of
Colorado Springs Charter Academy

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Colorado Springs Charter Academy as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Colorado Springs Charter Academy's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Colorado Springs Charter Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Colorado Springs Charter Academy's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Lack of controls over building corporation activities

During the course of our audit it was discovered that the Building Corporation was being recorded as a part of the General Fund. Governmental Accounting Standards require that building corporations be recorded separately from the General fund. Since the Building Corporation had previously been reported in the General Fund it is our recommendation to report the Building Corporation as a special revenue fund which requires the use of modified accrual account. Additionally, it is our recommendation that management separate the accounting for these funds and not co-mingle them.

Lack of controls over capital projects

During the course of our audit, it was brought to our attention that the board of directors unilaterally contracted a roofing company to complete repairs on one of the buildings. It was brought to our attention that management and facilities staff did not authorize these repairs and were concerned that the price was too high. It is our recommendation that the Board and Management work together to implement more robust procurement policies and procedures.

Lack of controls over cash reconciliations

During the course of our audit we discovered that cash reconciliations were not agreeing to the general ledger. Ensuring that accurate bank reconciliations are done timely and correctly is critical in ensuring an

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accurate presentation of financial statements. It is our recommendation that management implement reconciliation appropriate procedures, and that a member of management review reconciliations after being performed.

Lack of controls over accrued salaries

During the course of our audit we discovered that salary accruals were not calculated or recorded. It is recommended critical that year end accruals are calculated and posted to ensure that all expenditures are recorded. It is our recommendation that management develop a process to ensure all accruals are posted and reviewed in a timely manner.

Lack of controls over check writing

During the course of our audit we discovered that a number of checks had been signed by a member of the board who did not have check signing authority. It is critical that checks be safeguarded and that only authorized check signers are signing checks. It is our recommendation that management implement a process for ensuring that checks are safeguarded and only authorized signers are signing checks.

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. We consider the following deficiency in internal control to be a significant deficiency:

Lack of controls over deferred revenues

During the course of our audit we discovered that deferred revenues were not reviewed. It is a good practice to analyze deferred revenues regularly to ensure that revenues are recognized in the proper period. It is our recommendation that management implement a process to review deferred revenues regularly.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Hoelting & Company, Inc.

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