BADEN ACADEMY
CHARTER SCHOOL

Year Ended June 30, 2025

DELUZIO
& COMPANY, LLP

Audit Results and Communications

Report to the Board of Directors and Management

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DELUZIO & COMPANY, LLP

To the Board of Directors and Management of
Baden Academy Charter School

We are pleased to present the results of our audit of the financial statements of Baden Academy Charter School (the School) for the year ended June 30, 2025.

This Report to the Board of Directors and management summarizes our audit, the scope of our engagement, and key observations and findings from our audit procedures. The document also contains the communications required by our professional standards.

The audit is designed to express opinions on the financial statements. In accordance with professional standards, we obtained a sufficient understanding of internal control to plan the audit and to determine the nature, timing and extent of tests to be performed. The audit is not designed to express an opinion on the effectiveness of the entity's internal control, and accordingly, we do not express such an opinion.

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

We appreciate this opportunity to discuss the contents of this report and answer any questions you may have about these and any other audit-related matters.

Very truly,

Deluzio & Company, LLP

Deluzio & Company, LLP
March 15, 2026

Contents

BACKGROUND

In December 2006, the American Institute of Certified Public Accountants' (AICPA) Auditing Standards Board (ASB) issued Statement on Auditing Standards (SAS) No. 114, *The Auditor's Communication with Those Charged with Governance.* This statement emphasizes the importance of effective communication to the audit and provides a framework for the auditor's communication with those charged with governance and identifies specific matters to be communicated with them.

The principal purposes of this communication are the following:

- Communicate clearly the responsibilities of the auditor in relation to the financial statement audit and an overview of the scope and timing of the audit.
- Obtain from those charged with governance information relevant to the audit.
- Provide those charged with governance with timely observations arising from the audit that are relevant to their responsibilities in overseeing the financial reporting process.

The standard defines "those charged with governance" as the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process.

The AICPA ASB established standards and provided guidance to auditors of non-public entities on communicating matters related to an entity's internal control over financial reporting observed during a financial statement audit. The standards provide guidance on evaluating deficiencies and require the written communication of significant deficiencies and material weaknesses to those charged with governance. The standards incorporate the definitions of the terms: (1) "deficiency in internal control;" (2) "significant deficiency;" and (3) "material weakness."

The standard requires the auditor to conclude "whether prudent officials, having knowledge of the same facts and circumstances, would agree with the auditor's classification of the deficiency."

The auditor is prohibited from issuing a written communication stating that no significant deficiencies were noted because of the potential for a reader misinterpreting the limited assurance associated with such a statement.

PLANNED SCOPE AND TIMING

As previously discussed with management during our planning process, our audit plan represented an approach responsive to the assessment of risk for Baden Academy Charter School. Specifically, we designed our audit to express an opinion on the financial statements of Baden Academy Charter School. Due to federal funding in the current year, an audit in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was required.

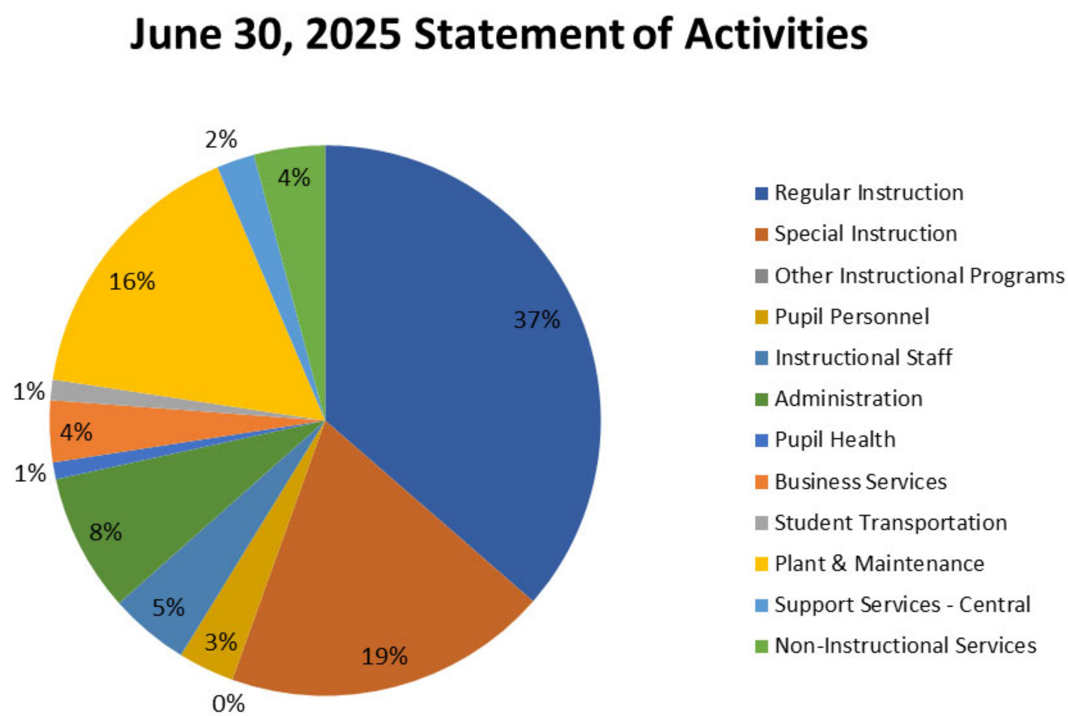
Fieldwork commenced in September 2025 upon receipt of the School's unadjusted trial balance and continued with substantive tests over management's preliminary balances and review of the financial statements.

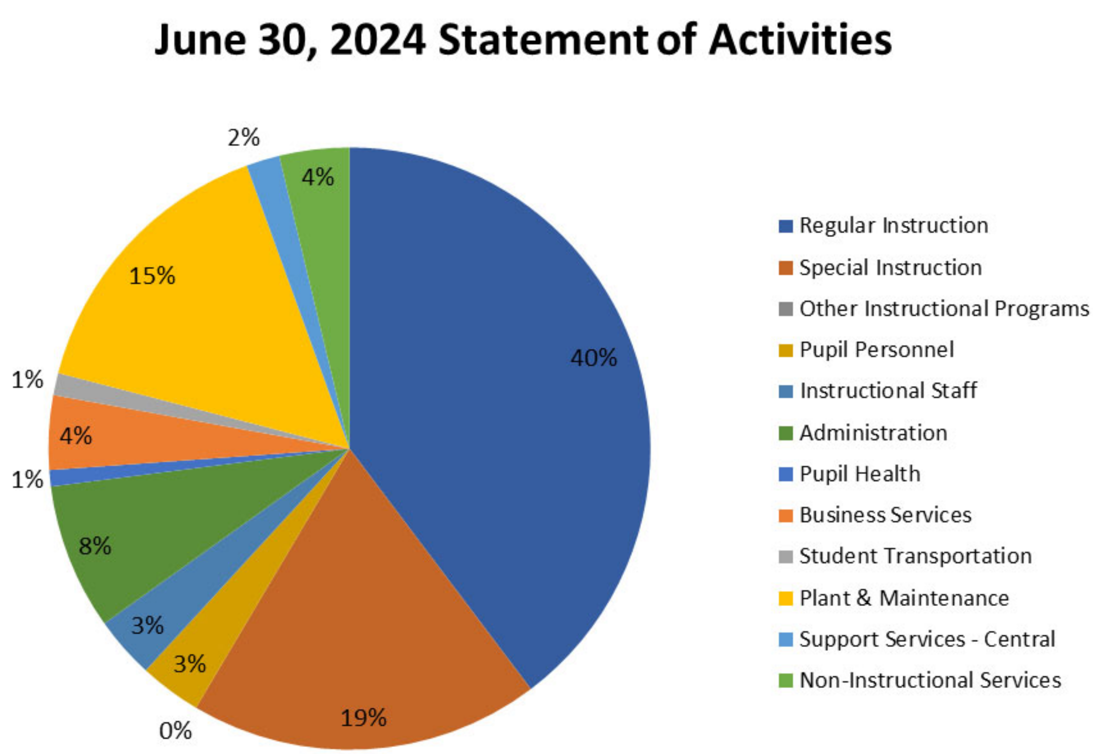
AREAS OF EMPHASIS

Key issues and risk areas we identified and addressed as part of our audit included the following:

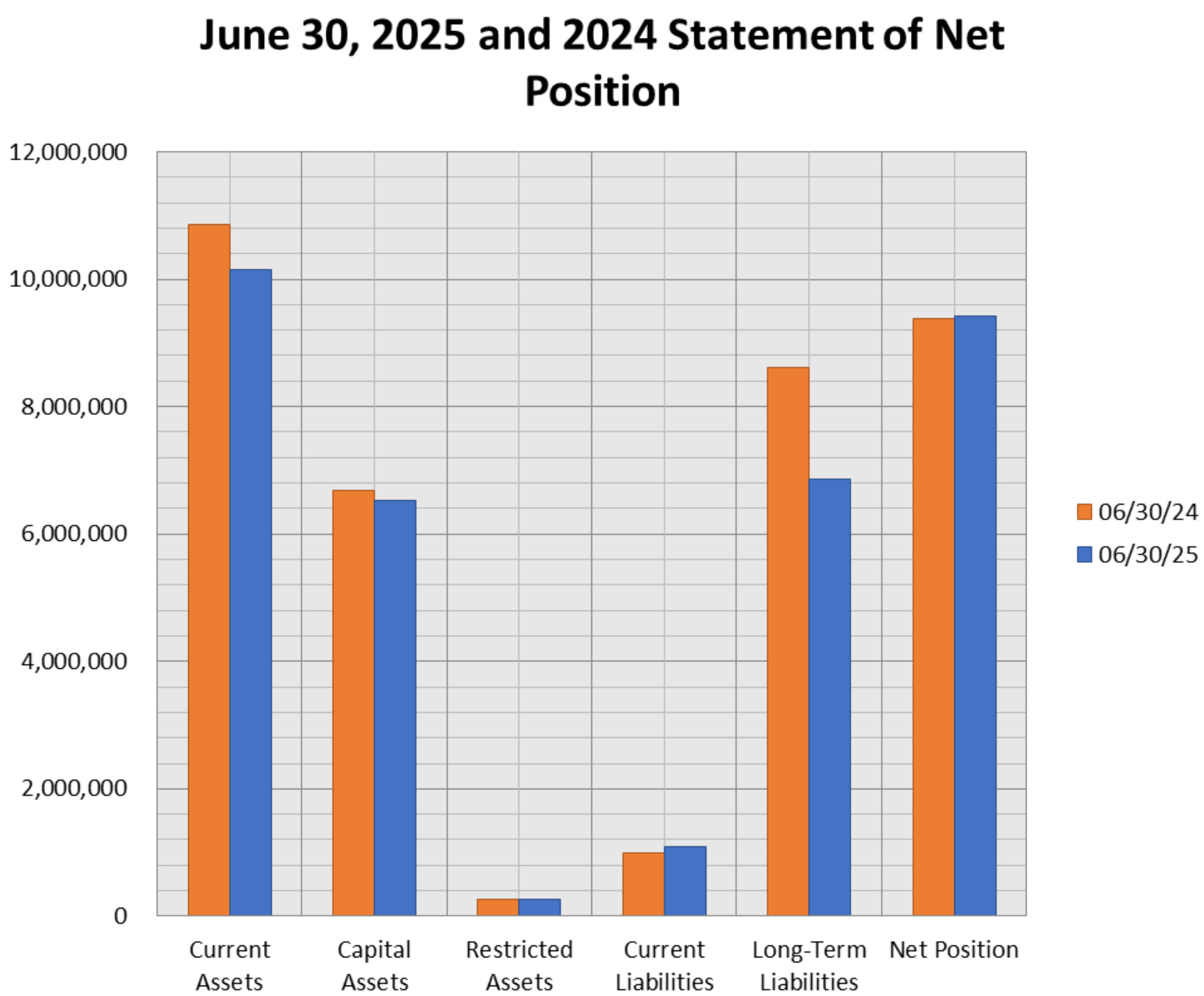
- Collectability of district revenues
- Completeness of accounts payable and accrued liabilities
- Completeness and valuation of fixed assets
- Estimated net pension and OPEB liability
- Federal Awards

VISUAL AIDS


June 30, 2025 Statement of Activities
37%
19%
0%
3%
5%
8%
1%
4%
1%
16%
2%
4%
Regular Instruction
Special Instruction
Other Instructional Programs
Pupil Personnel
Instructional Staff
Administration
Pupil Health
Business Services
Student Transportation
Plant & Maintenance
Support Services - Central
Non-Instructional Services


June 30, 2024 Statement of Activities
40%
19%
0%
3%
3%
8%
1%
4%
1%
15%
2%
4%
Regular Instruction
Special Instruction
Other Instructional Programs
Pupil Personnel
Instructional Staff
Administration
Pupil Health
Business Services
Student Transportation
Plant & Maintenance
Support Services - Central
Non-Instructional Services

VISUAL AIDS


June 30, 2025 and 2024 Statement of Net Position
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
Current Assets
Capital Assets
Restricted Assets
Current Liabilities
Long-Term Liabilities
Net Position
06/30/24
06/30/25

CURRENT YEAR FINDINGS AND OBSERVATIONS

Audit standards require the auditor to communicate to management and those charged with governance deficiencies in internal control that the auditor believes are significant deficiencies or material weaknesses. The auditor's evaluation of the significance of a deficiency in internal control depends on the *potential* for misstatement, not on whether a misstatement actually has occurred.

I. <u>Deficiencies in Internal Control</u>

- *Defined:* a deficiency in the design or operation of a control that 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 deficiency in design exists when:

  (1) a control necessary to meet the control objective is missing; or

  (2) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met.

  A deficiency in operation exists when:

  (1) a properly designed control does not operate as designed; or

  (2) the person performing the control does not possess the necessary authority or competence to perform the control effectively.

II. <u>Significant Deficiencies</u>

- *Defined:* 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.

III. <u>Material Weaknesses</u>

- *Defined:* a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

  A reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as those terms are used in the Financial Accounting Standards Board *Accounting Standards Codification* glossary.

We did not identify any deficiencies we determined to be material weaknesses during the course of our audit.

Required Communication	Comments
Our Responsibility under U.S. Generally Accepted Auditing Standards As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements prepared by management with the oversight of those charged with governance are free of material misstatement and are fairly presented in accordance with the U.S. generally accepted accounting standards. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the effectiveness of internal control over financial reporting. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.	We plan to issue an unmodified opinion on the School's financial statements for the fiscal year ended June 30, 2025. We were not required, nor do we express an opinion on the effectiveness of the School's internal control.
Significant Accounting Policies Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we may advise management about the appropriateness of accounting policies and their application.	Significant accounting policies are described in Note 2 to the financial statements.
Our Judgments about the Quality of the School's Accounting Principles We discuss our judgments about the quality, not just the acceptability of the accounting policies as applied in the School's financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and related disclosures.	We did not identify the application of either overly-aggressive or overly-conservative accounting policies during our audit.
Accounting Estimates Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.	We have provided our views in the following section titled "Accounting Policies, Judgments and Estimates" on page 9.

Required Communication	Comments
The Adoption of, or Changes in the Accounting Policies We determined that the Board of Directors is informed about the initial selection of, and any changes in, significant accounting principles or their application when the accounting principle or its application, including alternative methods of applying the accounting principle, has a material effect on the financial statements.	We noted no issues regarding the adoption of, or changes in accounting policies, and no transactions entered into by Baden Academy Charter School during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.
Accounting Issues Discussed with Management We report to the Board of Directors all significant changes in accounting treatments within GAAP for policies and practices related to material items (including recognition, measurement, presentation and disclosure alternatives) that have been discussed with management during the current audit period.	No significant changes in accounting treatments and all accounting policies selected were in accordance with current generally accepted accounting principles.
Audit Adjustments For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the financial reporting process (that is, cause future financial statements to be materially misstated).	We did not identify any material audit adjustments as part of our procedures.
Fraud and Illegal Acts We report to the Board of Directors fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.	No fraud or illegal acts came to our attention during the course of our audit. Refer to "Consideration of Fraud in a Financial Statement Audit" section beginning on page 10 for more information about our procedures related to fraud.
Material Weaknesses and Significant Deficiencies in Internal Control We are required to communicate all material weaknesses and significant deficiencies in internal control, which may have been identified during the course of our audit.	See "Current Year Findings & Observations" section beginning on page 5.

Required Communication	Comments
Disagreements with Management For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report.	We are pleased to report that no such disagreements arose during the course of our audit.
Difficulties Encountered in Performing the Audit Unexpected difficulties are sometimes encountered during an audit. If significant, such matters, including the eventual resolution, would be communicated to governance.	We encountered no significant difficulties that increased the amount of time required for us to complete our audit procedures.
Consultation with Other Accountants In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.	We were not made aware of any consultations with other accountants.
Major Issues Discussed with Management Prior to Retention We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors.	Discussions occurred in the normal course of our professional relationship. We do not believe our responses were a condition to our retention.
Representations Requested from Management During an audit, management makes many representations to the auditor, both oral and written, in response to specific inquiries or through the financial statements. Such representations from management are part of the audit evidence the independent auditor obtains, but they are not a substitute for the application of those auditing procedures necessary to afford a reasonable basis for an opinion regarding the financial statements under audit.	We obtained written representation from management regarding various issues. See Appendix A.
Independence We wish to affirm the following to the Board of Directors of the School.	We are independent with all respects to Baden Academy Charter School.

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We are required to communicate our judgments about the quality, not just the acceptability, of the School's accounting principles as applied in its financial reporting. We also are required to communicate critical accounting policies and sensitive accounting estimates. The table below summarizes these communications.

Area	Accounting Policy	Critical Policy?	Judgments and Sensitive Estimates
Revenue recognition	Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available.	✓	Grant revenues are recognized as soon as all eligibility requirements imposed by the provider have been met. All other revenues are recognized when services are performed, or goods are provided, by the School.
Use of estimates	The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.	✓	The significant estimates in the School's financial statements are the net pension liability, net OPEB liability and depreciation.
Capital assets	All capital assets are capitalized at cost and updated for additions and retirements during the year. Improvements are capitalized if they are deemed to add to the value of the asset or materially extend its useful life.	✓	Capital assets are depreciated over their estimated useful lives which are subject to estimate.

CONSIDERATION OF FRAUD IN A FINANCIAL STATEMENT AUDIT

In October 2002, the Auditing Standards Board (ASB) of the AICPA issued Statement on Auditing Standards ("SAS") No. 99, *Consideration of Fraud in a Financial Statement Audit*. SAS 99 was issued to heighten the awareness of auditors to the potential for fraud when planning and executing audits. SAS 99 also emphasizes the need for increased professional skepticism throughout the audit engagements. SAS 99 does not change our responsibilities as auditors. Under SAS 99, we are responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or by fraud.

ENGAGEMENT TEAM DISCUSSION

SAS 99 requires auditors to perform certain procedures to obtain information that is used to identify risks of material misstatement due to fraud. These procedures include:

- Inquiring of management and others within the organization about the risks of fraud. Inquiries are required to be made of management, the Board of Directors, internal audit or other operational and financial personnel within the organization, focusing on such areas as the individual's knowledge of fraud and understanding about specific risks of fraud in the organization. Further, inquiries are made regarding the oversight activities of the Board of Directors regarding management's assessment of the risks of fraud, whether programs and controls have been established at the organization to mitigate the risk of fraud, how multiple locations within an organization are monitored for fraud, and how management communicates to employees its views on business practices and ethical behavior.
- Inquiring about matters raised from the Board of Directors procedures for complaints regarding accounting, internal accounting controls, or auditing matters.
- Considering unusual or unexpected relationships that have been identified in performing analytical procedures in planning the audit;
- Considering whether fraud risk factors exist; and
- Considering other information gathered throughout the audit.

IDENTIFYING, ASSESSING AND RESPONDING TO FRAUD RISKS

As a result of the information gathered from the procedures above, we identify and assess specific fraud risks. The auditor's response to the assessment of the risks of material misstatement of the financial statements due to fraud is influenced by the nature and significance of the risks identified and the organization's programs and controls that address these identified risks. The auditor's response to fraud risks might include a change in the timing or nature of audit procedures, or the auditor might decide that the extent of testing needs to be expanded in certain areas.

CONSIDERATION OF FRAUD IN A FINANCIAL STATEMENT AUDIT (CONTINUED)

The following summarizes fraud risks we identified during the audit and our procedures and findings in response to the risks.

Identified Fraud Risks	Summary of Procedures and Related Findings
Improper revenue recognition (presumed fraud risk for all audits)	We tested a significant portion of revenue through examination of subsequent receipts sent from various School districts. We did not identify any instances of fraud.
Existence of Subjective Estimates (Mandatory Procedure)	We reviewed the methodology used by management in making subjective estimates. We also substantively tested accruals and allowances for proprietary. We identified no instances of fraud.
Examination of Journal Entries (Mandatory Procedure)	We scanned journal entries of the School. We performed directional tests to assure the completeness of journal entries recorded in the general ledger and in the physical records. We identified no instances of fraud.

MANDATORY PROCEDURES TO ADDRESS THE RISK OF MANAGEMENT OVERRIDE

Fraudulent financial reporting often involves management override of controls that otherwise appear to be operating effectively. SAS 99 includes the following mandatory procedures to address the risk of management override of controls:

- Examining journal entries and other adjustments for evidence of possible material misstatement due to fraud;
- Reviewing accounting estimates for biases that could result in material misstatement due to fraud, including a retrospective review of significant prior year estimates;
- Evaluating the business rationale of significant unusual transactions; and
- Agreeing and tracing general ledger balances to worksheets and reconciliations.

CONSIDERATION OF FRAUD IN A FINANCIAL STATEMENT AUDIT (CONTINUED)

OTHER PROCEDURES TO ADDRESS THE RISK OF FRAUD

We conducted fraud inquiries with various members of the School management and other personnel. The responses from School personnel were consistent.

It is believed that the School has controls and systems in place to prevent a fraud from occurring. The personnel responded they:

- do not believe the School is vulnerable to fraud;
- do not have knowledge of any fraud or concerns that fraud might exist;
- were aware of an appropriate method and personnel level to contact if fraud were suspected;
- were not aware of any unusual activity recorded via manual or top-side journal entry (for those involved in the journal entry process); and
- did not have any suspicions of fraud that they believed we should consider during our audit.

EVALUATING AUDIT EVIDENCE

We assess the risk of material misstatement due to fraud throughout the audit. We are mindful of conditions that may be identified during fieldwork that change or support a judgment regarding the assessment of fraud risks, such as discrepancies in the accounting records, conflicting or missing evidential matter, and/or problematic or unusual relationships between the auditor (including internal audit) and management. No such matters were noted during our audit.

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

During the course of our audit, we accumulate differences between amounts recorded by the School and amounts that we believe are required to be recorded under generally accepted accounting principles. During the course of our audit, we identified and proposed two audit adjustments for adjusting the accrued payroll and pension expense. For the government-wide financial statements, the adjustments would result in increases to accrued payroll and salary expenses of $11,067 and reductions to fund balance and pension expenses of $57,041. These adjustments were considered immaterial and passed on by management.

APPENDIX A – MANAGEMENT'S WRITTEN REPRESENTATIONS

BADEN ACADEMY CHARTER SCHOOL

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March 9, 2026

Deluzio & Company, LLP
351 Harvey Avenue, Suite A
Greensburg, PA 15601

This representation letter is provided in connection with your audit of the statements of governmental activities, business-type activities and fiduciary fund of Baden Academy Charter School as of June 30, 2025 and for the fiscal year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Baden Academy Charter School in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood[2] that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 9, 2025, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.
7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

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8. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.

9. All related party relationships and transactions, if any, have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
10. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
11. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
13. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
14. All funds and activities are properly classified.
15. All funds that meet the quantitative criteria in GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus as amended, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
16. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
17. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
18. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
19. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
20. All interfund and intra-entity transactions and balances have been properly classified and reported.
21. Special items and extraordinary items have been properly classified and reported.
22. Deposit and investment risks have been properly and fully disclosed.
23. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
24. All required supplementary information is measured and presented within the prescribed guidelines.
25. With regard to investments and other instruments reported at fair value:
    a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.

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b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

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26. With respect to the nonattest service(s) provided, we have performed the following:
    a. Made all management decisions and performed all management functions;
    b. Assigned a competent individual to oversee the services;
    c. Evaluated the adequacy of the services performed;
    d. Evaluated and accepted responsibility for the result of the service performed; and
    e. Established and maintained controls, including a process to monitor the system of internal control.
27. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
28. Receivables recorded in the financial statements represent valid claims against debtors for services or other charges arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
29. There were no deposit or investment transactions during the year that were in violation of either state statutes or the policy of the School.
30. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
31. Provisions for uncollectible receivables have been properly identified and recorded.
32. All costs related to service contracts have been properly recorded and any liabilities as of June 30, 2025 have been reflected in the financial statements.
33. With respect to the required supplementary information accompanying the financial statements:
    a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
    b. We believe the required supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
    c. The methods of measurement or presentation have not changed from those used in the prior period.
    d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Information Provided

1. We have provided you with:
    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;

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   b. Additional information that you have requested from us for the purpose of the audit; and
   c. Unrestricted access to persons within the entity and others from whom you determined it necessary to obtain audit evidence.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
5. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
   a. Management;
   b. Employees who have significant roles in internal control; or
   c. Others where the fraud could have a material effect on the financial statements.
6. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
7. We have disclosed to you all known actual or possible threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
8. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
9. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
10. Baden Academy Charter School has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
11. We have disclosed to you all guarantees, whether written or oral, under which Baden Academy Charter School is contingently liable.
12. We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
13. For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
14. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in*

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Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

15. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
16. There are no:
    a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
    d. Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
17. Baden Academy Charter School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
18. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Single Audit

With respect to federal award programs:

1. We are responsible for understanding and complying with and have complied with the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance).
2. We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
3. We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
4. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period.
5. We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
6. When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to

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the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.

7. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance audit.
8. We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
9. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.
10. We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
11. We have received no requests from a federal agency to audit one or more specific programs as a major program.
12. We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to period covered by the auditor's report.
13. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
14. We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
15. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
16. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
17. We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
18. We have charged costs to federal awards in accordance with applicable cost principles.
19. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and we have provided you with all information on the status of the follow-up on prior

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audit findings by federal awarding agencies and pass-through entities, including all management decisions.

20. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
21. The reporting package does not contain personally identifiable information.
22. We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
23. We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
24. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
25. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
26. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

27. We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.