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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Valley Military Institute College Preparatory Academy
(A California Nonprofit Public Benefit Corporation)
Sun Valley, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of North Valley Military Institute College Preparatory Academy College Preparatory Academy (the Academy) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows, and functional expenses, for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, 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 Opinions

We conducted our audit in accordance with generally accepted auditing standards generally in the United States of America commonly referred to as (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 judgement made by a reasonable user of the financial statements.

In performing an audit in accordance with GAAS 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 the Organization'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 the Organization'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.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information on pages 21-25 are presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards and other supplementary 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 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Brea, California
December 2, 2022

FINANCIAL STATEMENTS

NORTH VALLEY MILITARY INSTITUTE COLLEGE PREPARTORY ACADEMY
(A California Nonprofit Public Benefit Corporation)

DRAFT 11/29

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$ 551,914
Receivables	4,182,766
Security deposits	173,999
Total Current Assets	<u>4,908,679</u>

Non-Current Assets

Fixed assets	25,206
Less: accumulated depreciation	<u>(294)</u>
Total Non-Current Assets	<u>24,912</u>

Total Assets	<u><u>\$ 4,933,591</u></u>
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LIABILITIES

Current Liabilities

Payables	1,045,188
Deferred revenue	152,768
Line of Credit	500,000
Total Current Liabilities	<u>1,697,956</u>

NET ASSETS

Unrestricted

Net Investment for Fixed Assets	24,912
Undesignated	<u>3,210,723</u>
Total Net Assets	<u>3,235,635</u>

Total Liabilities and Net Assets	<u><u>\$ 4,933,591</u></u>
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

REVENUES

Local Control Funding Formula	\$ 8,998,091
Federal revenues	3,782,266
Other State revenues	3,406,398
Local revenues	1,412,448
Interest income	1,517
Total Revenues	<u>17,600,720</u>

EXPENSES

Program services	13,727,594
Management and general	3,507,199
Total Expenses	<u>17,234,793</u>

CHANGE IN NET ASSETS	365,927
NET ASSETS, BEGINNING OF YEAR	<u>2,869,708</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,235,635</u></u>

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 365,927
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Changes in operating assets and liabilities	
Increase in accounts receivable	(329,713)
Decrease in prepaid expenses	47,936
Increase in security deposits	26,219
Increase in accounts payable	403,902
Decrease in unearned revenue	(312,608)
Decrease in accrued liabilities	89,146
Increase in due to grantor government	12,616
Net Cash Provided by Operating Activities	<u>303,425</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments	(600,000)
Proceeds from Line of Credit	<u>500,000</u>
Net Cash Used by Financing Activities	<u>(100,000)</u>

NET INCREASE IN CASH	203,425
CASH, BEGINNING OF YEAR	<u>348,489</u>
CASH, END OF YEAR	<u>\$ 551,914</u>

Supplementary Information

Cash paid for interest	<u>\$ 6,131</u>
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Total Expenses
Personnel			
Salaries and wages	\$ 7,472,244	\$ 1,868,061	\$ 9,340,305
Employee benefits	1,832,962	458,241	2,291,203
Payroll taxes	413,382	103,345	516,727
Total Personnel	<u>9,718,588</u>	<u>2,429,647</u>	<u>12,148,235</u>
Operating			
Professional services and other fees	758,661	189,665	948,326
Advertising and promotions	-	2,047	2,047
Information technology and communication	250,619	62,655	313,274
Occupancy	782,639	195,660	978,299
Transportation	867,260	-	867,260
Travel, conferences and meeting	-	286,603	286,603
Interest and financial fees	-	6,131	6,131
Insurance	-	124,882	124,882
Other expenses and fundraising	90,142	22,535	112,677
Equipment Leases & Repairs	387,818	96,954	484,772
Instructional materials and supplies	871,867	-	871,867
District oversight fee	-	90,420	90,420
Total Operating	<u>4,009,006</u>	<u>1,077,552</u>	<u>5,086,558</u>
Total Functional Expenses	<u>\$ 13,727,594</u>	<u>\$ 3,507,199</u>	<u>\$ 17,234,793</u>

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – ORGANIZATION AND MISSION

North Valley Military Institute College Preparatory Academy formerly known as North Valley Charter Academy (North Valley Military Institute) is a California non-profit public benefit corporation that provides educational activities for students in grades 6th through 12th. Effective July 1, 2018, the School was granted a charter authorized by the Los Angeles County Office of Education (LACOE). The term of the charter is July 1, 2018 through June 30, 2025. The charter may be revoked by LACOE for material violations of the charter, failure to meet or make progress toward student outcomes, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. The Academy is economically dependent on Federal and State funding.

Charter school number authorized by the State: 0540

The North Valley Military Institute College Preparatory Academy (NVMI) develops leaders of character by providing a rigorous seven-year college preparatory program to promote excellence in the four pillars of academics, leadership, citizenship, and athletics.

Other Related Entities

Joint Powers Agency and Risk Management Pools - The Academy is associated with the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE. CharterSAFE does not meet the criteria for inclusion as a component unit of the Academy. Additional information is presented in Note 12 to the financial statements.

NOTE 2 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The board of directors has not designated net assets without donor restrictions as of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

- *Net Assets with Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Academy reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Academy considers all cash and highly liquid financial instruments, with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. At June 30, 2022, the Academy had no allowance.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Academy has reported prepaid items either when purchased or during the benefiting period.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Academy reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Academy are derived principally from state and federal sources. The Academy receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. The Academy receives federal and state grants, which are paid through the California Department of Education or other state agencies. Revenues related to these federal and state grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Academy has incurred expenditures in compliance with specific contract and grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Academy would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

Income Taxes

The Academy is a California nonprofit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from state franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2014 and forward may be audited by regulatory agencies; however, the Academy is not aware of any such actions at this time.

The Academy has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Use of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Charter School's financial statements has not yet been determined, the future adoption of this guidance will require the Academy to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases. The ASU is effective for the Charter School for the year ended June 30, 2023. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

As of July 1, 2021, the Organization adopted the provisions of Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets.

NOTE 3 – CASH

Cash at June 30, 2022, consisted of the following:

	Reported	Bank
	Amount	Balance
Deposits		
Cash on hand and in bank	\$ 348,489	\$ 523,454

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Academy maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Academy has not experienced any losses in such accounts. At June 30, 2022, the Academy had a balance of \$442,560 in excess of FDIC insured limits. Management believes that the Academy is not exposed to any significant risk related to cash.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – LIQUIDITY AND AVAILABILITY

Financial assets for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position sheet date, comprises the following:

Cash and Cash Equivalents	\$ 523,454
Accounts Receivable	4,182,766
Prepaid and Other Assets	173,999
Total	<u>\$ 4,880,219</u>

As part of the Charter School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. As of June 30, 2022, the Charter School has no designated reserves recorded. To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of \$750,000. The available balance remaining is \$250,000 at June 30, 2022.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2022, consisted of the following:

Local Control Funding Formula	\$ 2,156,849
Federal Receivables	1,192,594
Other State Receivables	569,201
Lottery	98,359
Due from IRS	27,449
Local Receivables	9,544
Total Receivables	<u>\$ 4,053,996</u>

NOTE 6 – SECURITY DEPOSITS

Security Deposits at June 30, 2022, consisted of the following:

Security deposits with LACOE for STRS	\$ 159,628
Miscellaneous vendors	14,371
Total Security Deposits	<u>173,999</u>
Total Prepaid Expenses and Security Deposits	<u>\$ 173,999</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - FIXED ASSETS

Fixed assets at June 30, 2022, consisted of the following:

Computer Equipment	\$ 25,206
Less: accumulated depreciation	(294)
Total Fixed Assets	<u>\$ 24,912</u>

NOTE 8 – PAYABLES

Accounts payable at June 30, 2022, consisted of the following:

Salaries and benefits	\$ 258,118
Vendor payables	651,780
Interest	<u>135,290</u>
Total Payables	<u>\$ 1,045,188</u>

NOTE 9 – FACILITIES USE AGREEMENT

In 2021, the Academy entered into a shared facilities use agreement with Los Angeles Unified School District in which the Academy would co-occupy the campus of the District's Valley Oaks Center for Enriched Studies site located at 12105 Allegheny Street in Sun Valley, California for its main location. The term of this agreement began August 2, 2021 and expires June 30, 2022. The Academy has elected to enter into a third term through June 30, 2023. The District shall charge the Academy a monthly pro-rata share which will include the cost of maintenance and operations. The Academy's lease expense for the year ended June 30, 2022, was \$527,108.

NOTE 10 – OPERATING LEASES

The Academy leases various equipment such as copiers and student ChromeBooks. The Academy's lease expenses for the year ended June 30, 2022, were \$120,745.

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS). The Academy does not offer California Public Employees' Retirement System (CalPERS).

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and State contribution rates are set by the California Legislature, and (c) if the Academy chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Academy has no plans to withdraw from this multi-employer plan.

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Academy contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:

<http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP.

The Academy contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92	16.92
Required state contribution rate	10.828	10.828

Contributions

Required member, Charter School and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the Academy's' total contributions were \$921,678.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Academy. These payments consist of State General Fund contributions to CalSTRS in the amount of \$512,805 (10.828 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS/CalPERS) must be covered by social security or an alternative plan. The Academy has elected to use social security as its alternative plan.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 – RISK MANAGEMENT

Participation in Joint Powers Authority

The Academy is a participant in the California Charter Schools Joint Powers Authority (CCS-JPA) *dba* CharterSAFE for risk management services for workers' compensation insurance and charter school liability insurance. The relationship between the Academy and CharterSAFE is such that CharterSAFE is not considered a component unit of the Academy for financial reporting purposes.

The CharterSAFE has budgeting and financial reporting requirements independent of member units and CharterSAFE's financial statements are not presented in these financial statements; however, transactions between CharterSAFE and the Academy are included in these statements. Audited financial statements for CharterSAFE were not available for fiscal year 2021-2022 at the time this report was issued. However, financial statements should be available from the respective agency.

During the year ended June 30, 2022, the Academy made payments of \$179,756 to CharterSAFE for services received. At June 30, 2022, the Academy had no recorded accounts receivable or accounts payable to CharterSAFE.

Health Benefits

For fiscal year 2021-2022, the Academy participated with Choice Administrators for risk management services for medical, dental and vision insurance. The relationship between the Academy and Choice Administrators is such that Choice Administrators is not considered a component unit of the Academy for financial reporting purposes.

During the year ended June 30, 2022, the Academy made payments of \$786,391 to Choice Administrators for services received. At June 30, 2022, the Academy had no recorded receivables or payables to the Choice Administrators.

NOTE 13 – NET ASSETS

Net assets at June 30, 2022, consisted of the following:

Net Investment for Capital Assets	\$ 24,912
Unrestricted	<u>3,081,953</u>
Total Net Assets	<u><u>\$ 3,106,865</u></u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 – CONTINGENCIES

Grants

The Academy has received State and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any reimbursement, if required, would not be material.

Litigation

The Academy has no outstanding claims or litigation.

NOTE 15 – COMMITMENTS

Line of Credit

The Academy renewed a line of credit agreement for \$1,250,000 with Mission Valley Bank (MVB). The line of credit has a variable interest rate between 5.000 to 8.000 percent. The Academy is required to make interest only monthly payments with all due in full annually. The balance at June 30, 2022, was \$500.000

NOTE 16 – SUBSEQUENT EVENTS

The Academy management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 2, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions, other than those noted below, that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

NORTH VALLEY MILITARY INSTITUTE COLLEGE PREPARTORY ACADEMY DRAFT 11/29
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Elementary and Secondary Schools Emergency Relief (ESSER)			
ESSER	84.425	15536	\$ 20
ESSER II	84.425	15547	72,152
ESSER III	84.425	15559	1,636,953
ESSER III Learning Loss	84.425U	15621	409,238
Expanded Learning Opportunities (ELO) ESSER II	84.425D	15618	90,934
Governors Emergency Education Relief Fund ELO GEER II	84.425C	16619	20,870
American Rescue Plan - Elementary and Secondary Schools Emergency Relief			
Expanded Learning Opportunities (ESSER III) Reserve Emergency Needs	84.425U	15620	59,278
Expanded Learning Opportunities (ESSER III) Reserve Learning Loss	84.425U	15621	102,186
Title I, Part A - Basic Grants Low Income and Neglected	84.010	14329	312,242
Title I, Part A - Every Student Succeeds Act Comprehensive			
Support and Improvement Local Education Agency	84.101A	15438	207,483
Title II, Part A - Supportive Effective Instruction	84.367	14341	40,370
ESSA: Title IV, Part A, Student Support and Academic Enrichment			19,206
Title IV, Part B, 21st Century Community Learning Centers-High School ASSETS	84.287	14535	254,500
American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425	15556	13,691
Early Learning and Care			134,858
Special Education			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	119,951
Mental Health Allocation Plan, Part B, Sec 611	84.027	13379	112,315
Subtotal			232,266
Total U.S. Department of Education			3,606,247
Department of Defense (DOD)			
ROTC grant			76,019
Department of Justice (DOJ)			
Office of Justice Programs STOP School Violence Project	16.839	[1]	100,000
Total Federal Programs			\$ 3,782,266

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2022

ORGANIZATION

North Valley Military Institute College Preparatory Academy (Charter Number 0540) operates under a charter agreement granted by the Los Angeles County Office of Education. The Academy operates one school grades six through twelve.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Dr. Daniel Villanueva	Chairman	June 30, 2024
Kelly Enos	Vice Chair	June 30, 2024
Lanny West	Secretary	June 30, 2024
Brigadier General Leslie Beavers	Member	June 30, 2023
Mike Camorlinga	Member	June 30, 2024
Tom Coate	Member	June 30, 2024
Daniel Epstein	Member	June 30, 2024
Cesley Frost	Member	June 30, 2023
Rocky Huynh	Member	June 30, 2023
John Martinez	Member	June 30, 2023
John Pruitt	Member	June 30, 2023
Ahmed Saededdin	Member	June 30, 2024
Matthew K. Smith	Member	June 30, 2023
Julie Ward	Member	June 30, 2024

ADMINISTRATION

Dr. Mark Ryan	Superintendent
Sonali Tucker	Chief Financial Officer
Kellie Jackson	Chief of Staff/Director of Operations

See accompanying note to supplementary information.

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2022**

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Sixth	85.58	85.58
Seventh and eighth	224.33	224.33
Ninth through twelfth	388.61	388.61
Total Regular ADA	<u>698.52</u>	<u>698.52</u>
Classroom based ADA		
Sixth	85.58	85.58
Seventh and eighth	224.33	224.33
Ninth through twelfth	388.61	388.61
Total Regular ADA	<u>698.52</u>	<u>698.52</u>

See accompanying note to supplementary information.

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2022**

Grade Level	1986-87	2021-22	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Grades 6 - 8	54,000				
Grade 6		71,990	175	N/A	Complied
Grade 7		71,990	175	N/A	Complied
Grade 8		71,990	175	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		71,990	175	N/A	Complied
Grade 10		71,990	175	N/A	Complied
Grade 11		71,990	175	N/A	Complied
Grade 12		71,990	175	N/A	Complied

See accompanying note to supplementary information.

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Summarized below are the net asset reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

FUND BALANCE

Balance, June 30, 2022, Unaudited Actuals	\$ 3,296,723
Increase in:	
Receivables	132,006
Other Assets/Security Deposits	42,567
Accounts payable	(235,661)
Balance, June 30, 2022,	
Audited Financial Statement	<u>\$ 3,235,635</u>

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The Organization does not draw for indirect administrative expenses and has not elected to use the ten percent de minimus cost rate.

Local Education Agency Organization Structure

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization's. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES, continued

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of Education Code Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requires as required by Education Code Section 47612.5.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

INDEPENDENT AUDITOR'S REPORTS

**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***

Board of Trustees
North Valley Military Institute College Preparatory Academy
(A California Nonprofit Public Benefit Corporation)
Sun Valley, California

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 North Valley Military Institute College Preparatory Academy (the Academy) which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Academy'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Brea, California
December 2, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
North Valley Military Institute College Preparatory Academy
(A California Nonprofit Public Benefit Corporation)
Sun Valley, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited North Valley Military Institute College Preparatory Academy's (the Organization) 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 the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the 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, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the Organization 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 the major federal program. Our audit does not provide a legal determination of the Organization'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 the Organization'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 the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Organization'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 the Organization'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 the Organization'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 a 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.

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 over compliance 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.

Brea, California
December 2, 2022

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
North Valley Military Institute College Preparatory Academy
(A California Nonprofit Public Benefit Corporation)
Sun Valley, California

Report on State Compliance

Unmodified Opinion

We have audited North Valley Military Institute College Preparatory Academy's (the Academy) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

In our opinion, the Organization complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 state compliance with the compliance requirements subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our audit does not provide a legal determination of the Organization'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 the Organization's compliance with the requirements listed in the table below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed below has occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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 the Organization's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 the Organization'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 the Organization'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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 a 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 compliance requirements as identified in the table below that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 over compliance 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.

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	No, see below
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes

	Procedures Performed
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	No, see below

Programs listed above for “Local Education Agencies Other Than Charter Schools” are not applicable to charter schools; therefore, we did not perform any related procedures.

We did not perform California Clean Energy Jobs Act procedures because the Organization did not receive funding for this program.

The Organization does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The Organization does not offer an Independent Study-Course Based Program; therefore, we did not perform any procedures related to the Independent Study-Course Based Program.

The Organization’s charter school was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

We did not perform Career Technical Education Incentive Grant procedures because the Organization did not receive funding for this grant.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study or Determination of Funding for Nonclassroom-Based Instruction because the Organization was not classified as Nonclassroom-based and does not offer an Independent Study program.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

The purpose of this report on internal control over state compliance is solely to describe the scope of our testing of internal control over state compliance and the results of that testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Brea, California
December 2, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425, 84.425C, 84.425D, and 84.425U	Elementary and Secondary School Emergency Relief (ESSER) Fund

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE COMPLIANCE

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

None reported.

FEDERAL AWARDS FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

None reported.

**STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

There were no audit findings reported in the prior year's schedule of financial statement findings.