

**INLAND LEADERS CHARTER SCHOOLS
CHARTER SCHOOL NUMBER: 0889**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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**INLAND LEADERS CHARTER SCHOOLS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Inland Leaders Charter Schools
Yucaipa, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Inland Leaders Charter Schools (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Inland Leaders Charter Schools 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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

In performing an audit in accordance with 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 School'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 School'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying supplementary schedules, as identified in the table of contents, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, except for the portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The Local Education Agency Organization Structure which is marked "unaudited", has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2022 on our consideration of the School'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 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 School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
November 14, 2022

**INLAND LEADERS CHARTER SCHOOLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 12,777,508
Investments	1,874,885
Accounts Receivable - Federal and State	1,138,944
Accounts Receivable - Other	4,817
Prepaid Expenses and Other Assets	25,783
Total Current Assets	<u>15,821,937</u>

LONG-TERM ASSETS

Property, Plant, and Equipment, Net	395,658
Investments	1,310,322
Total Long-Term Assets	<u>1,705,980</u>

Total Assets \$ 17,527,917

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 1,626,045
Deferred Revenue	246,669
Total Current Liabilities	<u>1,872,714</u>

NET ASSETS

Without Donor Restriction	15,558,421
With Donor Restriction	96,782
Total Net Assets	<u>15,655,203</u>

Total Liabilities and Net Assets \$ 17,527,917

See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restriction	With Donor Restriction	Total
REVENUES			
State Revenue:			
State Aid	\$ 7,565,409	\$ -	\$ 7,565,409
Other State Revenue	1,296,089	91,416	1,387,505
Federal Revenue:			
Grants and Entitlements	1,567,932	5,366	1,573,298
Local Revenue:			
In-Lieu Property Tax Revenue	1,294,456	-	1,294,456
Contributions	94,967	-	94,967
Investment Income	(51,047)	-	(51,047)
Other Revenue	102,561	-	102,561
Net Assets Released from Restrictions	1,892	(1,892)	-
Total Revenues	11,872,259	94,890	11,967,149
EXPENSES			
Program Services	8,623,291	-	8,623,291
Management and General	1,099,770	-	1,099,770
Fundraising	11,855	-	11,855
Total Expenses	9,734,916	-	9,734,916
CHANGE IN NET ASSETS	2,137,343	94,890	2,232,233
Net Assets - Beginning of Year	13,421,078	1,892	13,422,970
NET ASSETS - END OF YEAR	\$ 15,558,421	\$ 96,782	\$ 15,655,203

See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 5,215,388	\$ 719,389	\$ -	\$ 5,934,777
Pension Expense	739,015	29,099	-	768,114
Other Employee Benefits	554,879	85,799	-	640,678
Payroll Taxes	119,739	43,873	-	163,612
Management Fees	249,747	11,768	-	261,515
Legal Expenses	-	5,338	-	5,338
Accounting Expenses	-	15,327	-	15,327
Instructional Materials	235,280	-	-	235,280
Other Fees for Services	211,659	103,850	-	315,509
Advertising and Promotion Expenses	-	3,068	-	3,068
Office Expenses	29,447	23,712	-	53,159
Information Technology Expenses	202,929	-	-	202,929
Occupancy Expenses	500,640	23,590	-	524,230
Travel Expenses	2,153	-	-	2,153
Conference and Meeting Expenses	4,595	-	-	4,595
Depreciation Expense	21,381	1,008	-	22,389
Insurance Expense	40,906	1,928	-	42,834
Student Food Expense	150,858	-	-	150,858
Other Expenses	344,675	32,021	11,855	388,551
Total Functional Expenses	<u>\$ 8,623,291</u>	<u>\$ 1,099,770</u>	<u>\$ 11,855</u>	<u>\$ 9,734,916</u>

See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 2,232,233
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	22,389
Unrealized Loss on Investments	(84,628)
Change in Operating Assets:	
Accounts Receivable - Federal and State	2,077,350
Accounts Receivable - Other	11,081
Prepaid Expenses and Other Assets	(18,184)
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	1,459,033
Deferred Revenue	154,189
Net Cash Provided by Operating Activities	5,853,463

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property, Plant, and Equipment	(4,194)
Proceeds from Redemption of CDs	142,701
Purchase of Investments	(2,792)
Net Cash Provided by Investing Activities	135,715

NET CHANGE IN CASH AND CASH EQUIVALENTS

5,989,178

Cash and Cash Equivalents - Beginning of Year

6,788,330

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 12,777,508

See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The School is a nonprofit benefit corporation under the laws of the state of California for the purpose of managing and operating public charter schools located in Yucaipa. The School is economically dependent on state and federal funding.

The School commenced operations in the 2007-2008 school year and currently serves approximately 1,000 students in kindergarten through grade 8.

The mission of the School is to provide a state standards aligned curriculum aimed to serve a population of students who were formerly served primarily through home school and private schools, in a small site-based environment using a creative schedule, with an emphasis on family and student leadership training.

The School may be revoked by the Yucaipa-Calimesa Joint Unified School District for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Cash and Cash Equivalents

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

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 the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed 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 (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2022. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased or at estimated fair value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statement of activities if they are material.

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the School. Employees of the School are paid for days or hours worked based upon board approved schedules which include vacation.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2022, the School has conditional grants of \$673,751 of which \$246,669 that are recognized as deferred revenue in the statement of financial position because conditions have not yet been met.

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School files an exempt organization return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Evaluation of Subsequent Events

The School has evaluated subsequent events through November 14, 2022, the date these financial statements were available to be issued.

NOTE 2 CONCENTRATION OF CREDIT RISK

The School maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. The School capitalizes all expenditures for land, buildings, and leasehold improvements over \$15,000 and for equipment in excess of \$5,000. Depreciation expense was \$22,389 for the year ended June 30, 2022.

The components of property, plant, and equipment as of June 30, 2022 are as follows:

Land	\$ 289,295
Construction in Progress	31,591
Leasehold Improvements	331,024
Total	651,910
Less: Accumulated Depreciation	(256,252)
Total Property, Plant, and Equipment	\$ 395,658

NOTE 4 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures are comprised of the following as of June 30, 2022:

Cash and Cash Equivalents	\$ 12,777,508
Investments	1,874,885
Accounts Receivable - Federal and State	1,138,944
Accounts Receivable - Other	4,817
Less: Net Assets With Donor Restrictions	(96,782)
Financial Assets Available for General Expenditure	\$ 15,699,372

As part of the School's liquidity management plan, the school invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 INVESTMENTS

Investments at June 30, 2022, are stated at fair market value and consist of the following:

Fixed Income (Level 1)	\$ 764,787
Certificates of Deposit (Level 2)	<u>2,420,420</u>
Total	<u><u>\$ 3,185,207</u></u>

In accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, Levels 1 through 3 have been assigned to the fair value measurement of investments. The fair value level of measurement is determined as follows:

Level 1 – Quoted prices in an active market for identical assets.

Level 2 – Quoted prices for similar assets and market-corroborated inputs.

Level 3 – The School's own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

A portion of the School's investments are classified as Level 2 in the fair value hierarchy because Certificate Deposits are not traded on the open market.

Investment activity for the year ended June 30, 2022, consisted of the following:

Interest and Dividends	\$ 33,581
Unrealized Loss on Investment	<u>(84,628)</u>
Total Investment Income	<u><u>\$ (51,047)</u></u>

NOTE 6 EMPLOYEE RETIREMENT

Multiemployer Defined Benefit Pension Plans

Qualified employees are covered under multiemployer defined benefit pension plans maintained by agencies of the state of California.

The risks of participating in these multiemployer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multiemployer 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 School chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multiemployer plan.

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS)

Plan Description

The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2021, total STRS plan net assets are \$310 billion, the total actuarial present value of accumulated plan benefits is \$414 billion, contributions from all employers totaled \$5.744 billion, and the plan is 73% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.21% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for the year ended June 30, 2022 was 16.92% of annual payroll. The contributions of the plan members are established and may be amended by state statute.

The School's contributions to STRS for the past three years are as follows:

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2020	\$ 711,649	100%
2021	722,820	100%
2022	768,114	100%

NOTE 7 OPERATING LEASES

The School leases facilities and equipment under several lease agreements where the last lease expires in July 2024. Lease expense under these agreements for the year ended June 30, 2022 was \$134,716.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 82,385
2024	12,722
2025	1,060
Total	<u>\$ 96,167</u>

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

Net Assets With Donor Restriction:

Subject to Expenditure for Specified Purpose:

Medi-Cal	\$ 5,366
Child Nutrition Program	<u>91,416</u>
Total Net Assets With Donor Restriction	<u><u>\$ 96,782</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose of by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2022:

Release of Restrictions:

Subject to Specific Purpose	\$ 1,892
Total Release of Restrictions	<u><u>\$ 1,892</u></u>

NOTE 9 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes which were allocated on the basis of estimates of time and effort. Additionally, management fees, office expenses, information technology, depreciation, occupancy, insurance and other expenses, were allocated on a square footage basis.

NOTE 10 CONTINGENCIES, RISKS, AND UNCERTAINTIES

The School 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 required reimbursement would not be material.

SUPPLEMENTARY INFORMATION

**INLAND LEADERS CHARTER SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)
UNAUDITED**

The School established Inland Leaders Charter Schools in August 2007, when it was granted its charter through Yucaipa-Calimesa Joint Unified School District (the District) and its charter school status from the California Department of Education. The charters may be revoked by the District 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 charter school number is: 0889

The Board of Directors and the Administrators as of the year ended June 30, 2022 were as follows:

BOARD OF DIRECTORS

Member	Office	Term Expires (4 year term)
Jason Jimenez	Chairman	January 1, 2025
Bonnie Mitchell	Secretary	June 30, 2025
Michael Casavan	Treasurer	June 30, 2023
Aron Wolfe	Member	June 30, 2025
Eli Gillespie	Member	January 1, 2025

ADMINISTRATORS

Michael Gordon	Executive Director
Tracy Burson	Business Manager

**INLAND LEADERS CHARTER SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Instructional Minutes		Traditional Calendar	Status
	Requirement	Actual	Days	
T-Kindergarten	36,000	39,820	181	In compliance
Kindergarten	36,000	55,205	181	In compliance
Grade 1	50,400	63,350	181	In compliance
Grade 2	50,400	63,350	181	In compliance
Grade 3	50,400	63,350	181	In compliance
Grade 4	54,000	66,065	181	In compliance
Grade 5	54,000	66,065	181	In compliance
Grade 6	54,000	66,065	181	In compliance
Grade 7	54,000	66,970	181	In compliance
Grade 8	54,000	66,970	181	In compliance

See accompanying Notes to Supplementary Information

**INLAND LEADERS CHARTER SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Second Period Report			Annual Report		
	Classroom	Independent	Total	Classroom	Independent	Total
	Based	Study		Based	Study	
Grades TK/K-3	419.02	37.96	456.98	417.26	36.98	454.24
Grades 4-6	305.20	10.07	315.27	302.81	10.31	313.12
Grades 7-8	175.42	6.62	182.04	174.26	7.33	181.59
ADA Totals	<u>899.64</u>	<u>54.65</u>	<u>954.29</u>	<u>894.33</u>	<u>54.62</u>	<u>948.95</u>

See accompanying Notes to Supplementary Information

**INLAND LEADERS CHARTER SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

There were no differences between the Annual Financial Report and the Audited Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures Total
U.S. Department of Education			
Pass-Through Programs From California			
Department of Education:			
Every Student Succeeds Act:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 96,662
Special Education Cluster:			
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	137,518
ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	39,081
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	105,097
Special Education Cluster Total			<u>281,696</u>
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):			
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	21,475
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	282,984
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	63,377
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	281,383
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	44,898
Expanded Learning Opportunities (ELO) Grant: ESSER III: State Reserve, Emergency Needs	84.425U	15620	60,998
Expanded Learning Opportunities (ELO) Grant: ESSER III: State Reserve, Learning Loss	84.425U	15621	105,150
CARES Act Total			<u>860,265</u>
Total U.S. Department of Education			<u>1,238,623</u>
U.S. Department of Agriculture			
Pass-Through Program From California			
Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	23165	261,491
Total Child Nutrition Cluster			<u>261,491</u>
Continuing Appropriations Act and Other Extensions Act:			
Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	15644	615
Total U.S. Department of Agriculture			<u>262,106</u>
Total Expenditures of Federal Awards			<u>\$ 1,500,729</u>
Reconciliation of Federal Expenditures to Federal Revenue			
Federal Revenue in Excess of Federal Expenditures			
National School Lunch Program	10.555	23165	\$ 72,569
Total Federal Revenues			<u>\$ 1,573,298</u>

See accompanying Notes to Supplementary Information

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by School and whether School complied with the provisions of the Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

Average daily attendance is a measurement of the number of pupils attending classes of School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

NOTE 5 INDIRECT COST RATE

The School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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 Directors
Inland Leaders Charter Schools
Yucaipa, 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 Inland Leaders Charter Schools (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows, and for the year then ended, the related notes to the financial statements, and have issued our report thereon dated November 14, 2022.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Glendora, California
November 14, 2022



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

Board of Directors
Inland Leaders Charter Schools
Yucaipa, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Inland Leaders Charter Schools' (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Inland Leaders Charter Schools' major federal programs for the year ended June 30, 2022. Inland Leaders Charter Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Inland Leaders Charter Schools 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 Each 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; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Auditors' 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 Inland Leaders Charter Schools' 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 Inland Leaders Charter Schools' compliance with the requirements of each 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 Inland Leaders Charter Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Inland Leaders Charter Schools' 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 Inland Leaders Charter Schools' 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 Auditors' 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.



CliftonLarsonAllen LLP

Glendora, California
November 14, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Inland Leaders Charter Schools
Yucaipa, California

Opinion on State Compliance

We have audited Inland Leaders Charter Schools' (the School) compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2022. The School's State compliance requirements are identified in the table below.

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects 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; and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel 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 School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to below occurred, whether due to fraud or error, and express an opinion on the School'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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit

Appeals Panel 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 School’s compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, 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 School’s compliance with the compliance requirements referred to below and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School’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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over compliance. Accordingly, no such opinion is expressed.

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

Compliance Requirements Tested

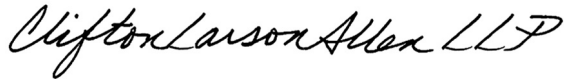
In connection with the audit referred to above, we selected and tested transactions and records to determine the School’s compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In Person Instruction Grant	Yes

<u>Description</u>	<u>Procedures Performed</u>
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
November 14, 2022

**INLAND LEADERS CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425C	Expanded Learning Opportunities (ELO) Grant GEER II
84.425D	Elementary and Secondary School Emergency Relief II (ESSER II) Fund
84.425U	Elementary and Secondary School Emergency Relief III (ESSER III) Fund

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

Auditee qualified as low-risk auditee? _____ yes x no

**INLAND LEADERS CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results (Continued)

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Findings and Questioned Costs – State Compliance

There were no findings or questioned costs related to state awards for June 30, 2021.

**INLAND LEADERS CHARTER SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

There were no findings and questioned costs in the prior year.



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