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LAKE VIEW CHARTER SCHOOL

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2022**

**A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL**

Lake View Charter (Charter No. 2069)

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lake View Charter School
Orland, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Lake View Charter School (the "Charter") 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 Lake View Charter 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake View Charter School 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 Lake View Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Exercise professional judgement 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 Lake View Charter 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake View Charter 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 financial statements as a whole. The supplementary information listed in the table of contents 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 was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **December 6, 2022**, on our consideration of Lake View Charter 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 Charter'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 Lake View Charter School's internal control over financial reporting and compliance.

San Diego, California
December 6, 2022

**LAKE VIEW CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Current assets	
Cash and cash equivalents	\$ 557,551
Accounts receivable	1,313,196
Prepaid expenses	<u>33,908</u>
Total Assets	<u>\$ 1,904,655</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 637,081
Deferred revenue	330,610
Loans payable	<u>582,200</u>
Total liabilities	<u>1,549,891</u>

Net assets	
Without donor restrictions	<u>354,764</u>
Total net assets	<u>354,764</u>
Total Liabilities and Net Assets	<u>\$ 1,904,655</u>

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The notes to the financial statements are an integral part of this statement.

**LAKE VIEW CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>
SUPPORT AND REVENUES	
Federal and state support and revenues	
Local control funding formula, state aid	\$ 5,831,453
Federal revenues	318,439
Other state revenues	990,651
Total federal and state support and revenues	<u>7,140,543</u>
Local support and revenues	
Payments in lieu of property taxes	182,159
Total Support and Revenues	<u>7,322,702</u>
EXPENSES	
Program services	6,031,741
Management and general	868,612
Total Expenses	<u>6,900,353</u>
CHANGE IN NET ASSETS	422,349
Net Assets - Beginning	<u>(67,585)</u>
Net Assets - Ending	<u>\$ 354,764</u>

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The notes to the financial statements are an integral part of this statement.

**LAKE VIEW CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses			
Certificated salaries	\$ 2,612,054	\$ 70,217	\$ 2,682,271
Non-certificated salaries	71,971	-	71,971
Pension plan contributions	648,518	11,601	660,119
Payroll taxes	71,828	1,879	73,707
Other employee benefits	400,192	10,469	410,661
Total personnel expenses	<u>3,804,563</u>	<u>94,166</u>	<u>3,898,729</u>
Non-personnel expenses			
Books and supplies	1,152,785	206,694	1,359,479
Insurance	80,712	2,111	82,823
Facilities	59	2	61
Professional services	569,526	72,254	641,780
Interest expense	-	69,704	69,704
Service fees to SGCA	415,669	277,997	693,666
Authorizer oversight fees	-	120,224	120,224
Other operating expenses	8,427	25,460	33,887
Total non-personnel expenses	<u>2,227,178</u>	<u>774,446</u>	<u>3,001,624</u>
Total Expenses	<u>\$ 6,031,741</u>	<u>\$ 868,612</u>	<u>\$ 6,900,353</u>

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The notes to the financial statements are an integral part of this statement.

**LAKE VIEW CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 422,349
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
(Increase) decrease in operating assets	
Accounts receivable	240,663
Prepaid expenses	71,859
Deposits	75,000
Increase (decrease) in operating liabilities	
Accounts payable	314,692
Deferred revenue	190,011
Net cash provided by (used in) operating activities	<u>1,314,574</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from sale of receivables	4,997,900
Intercept payments on receivable factoring agreements	<u>(5,957,126)</u>
Net cash provided by (used in) financing activities	<u>(959,226)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 355,348

Cash and cash equivalents - Beginning 202,203

Cash and cash equivalents - Ending \$ 557,551

SUPPLEMENTAL DISCLOSURE

Cash paid for interest	<u>\$ 69,704</u>
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The notes to the financial statements are an integral part of this statement.

**LAKE VIEW CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Lake View Charter School (the “Charter”) was formed as a nonprofit public benefit corporation on July 24, 2019 for the purpose of operating as a California public school located in Glenn County. The Charter was numbered by the State Board of Education in September 2019 as California Charter No. 2069. The mission of Lake View Charter School is to develop the individual gifts of students in Glenn County and adjacent counties to become proficient in Common Core State Standards and become critical thinkers, responsible citizens and innovative leaders prepared for academic and real-life achievement in the 21st Century. Lake View Charter School provides nonclassroom-based instruction to students in grades TK/K to 12.

Lake View Charter School is authorized to operate as a charter school through the Lake Elementary School District (the “authorizing agency”). On June 18, 2019, the Board of Directors of Lake Elementary School District approved a charter petition for a five-year term expiring on June 30, 2024. Per AB 130, the charter petition end date is extended to June 30, 2026. Funding sources primarily consist of state apportionments and in lieu of property tax revenues.

B. Basis of Accounting

The Charter’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

C. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective July 1, 2018. Under the Guide, Lake View Charter School is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

As a public charter school, Lake View Charter School also accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is not used in the Charter’s financial statement presentation.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management's estimates.

F. Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

G. In Lieu of Property Taxes Revenue

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to Lake View Charter School. Revenues are recognized by the Charter when earned.

H. Cash and Investments

Lake View Charter School considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents. The Charter's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

I. Receivables and Allowances

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2022, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

LAKE VIEW CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets

Lake View Charter School has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

K. Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

L. Income Taxes

Lake View Charter School is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Charter is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, the Charter is not required to register with the California Attorney General as a charity.

The Charter's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Charter's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

M. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

N. New Accounting Pronouncement – Leases

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021. The Charter will determine the impact on the financial statements once required to implement in the 2022-23 fiscal year.

LAKE VIEW CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2022, consist of cash in banks of \$557,551 held in noninterest-bearing accounts. As of June 30, 2022, \$446,021 of the Lake View Charter School’s bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at Wells Fargo Bank. Custodial credit risk is the risk that in the event of a bank failure, an organization’s deposits may not be returned to it. Lake View Charter School does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022, consists of the following:

Local control funding sources, state aid	\$ 796,364
Federal sources	225,652
Other state sources	199,743
In lieu property tax payments	53,275
Refunds and reimbursements	38,162
Total Accounts Receivable	<u>\$ 1,313,196</u>

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2022, consists of the following:

Due to Sequoia Grove Charter Alliance	\$ 270,839
Salaries and benefits	164,428
Due to authorizing agency	120,224
Other vendor payables	81,590
Total Accounts Payable	<u>\$ 637,081</u>

NOTE 5 – DEFERRED REVENUE

Deferred revenue as of June 30, 2022, consists of the following:

Federal sources	\$ 116,161
State sources	214,449
Total Deferred Revenue	<u>\$ 330,610</u>

NOTE 6 – LOANS PAYABLE

Throughout the fiscal year ended June 30, 2022, the Charter entered into several agreements with Charter School Capital Inc. whereby future receivables were collateralized for short-term borrowings. The total amount borrowed during the fiscal year amounted to \$4,997,900. Of this amount, the Charter has repaid \$5,957,126, which includes \$1,541,426 that was payable at July 1, 2021. Total interest expense or discounts charged on these financing agreements amounted to \$69,704. As of June 30, 2022, \$582,200 remained payable and is to be repaid in the 2022-23 fiscal year once local control funding formula sources are received in Fall 2023.

**LAKE VIEW CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2022**

NOTE 7 –NET ASSETS

At June 30, 2022, the Charter’s net assets without donor restrictions consists \$251,978. Certain designations or reserves can be made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Charter; however, no such designations existed as of June 30, 2022.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Charter’s financial assets as of June 30, 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action.

Financial Assets	
Cash and cash equivalents	\$ 557,551
Accounts receivable, current portion	1,313,196
Prepaid expenses	33,908
Total Financial Assets, excluding noncurrent	<u>\$ 1,904,655</u>
Contractual or donor-imposed restrictions	
Cash intercepts for sale of receivables	<u>(582,200)</u>
Financial Assets available to meet cash needs for expenditures within one year	<u>\$ 1,322,455</u>

NOTE 9 – EMPLOYEE RETIREMENT PLAN

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code 47605*, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Charter has made such election. Certificated employees are members of the California State Teachers’ Retirement System (CalSTRS), and non-certificated employees are offered social security as an alternative plan. Below is additional information regarding the CalSTRS plan.

Plan Description

Lake View Charter School contributes to the California State Teachers’ Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 10.25% or 10.205% of their 2021-22 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2021-22 was 16.92% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter’s contributions to CalSTRS for the fiscal year ended June 30, 2022 was \$443,149.

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for Lake View Charter School is estimated at \$216,970. The on-behalf payment amount is computed as the proportionate share of total 2020-21 State on-behalf contributions.

**LAKE VIEW CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2022**

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, Lake View Charter School is approved to operate as a public charter school through authorization by the Lake Elementary School District. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the charter petition end date is extended to June 30, 2026.

Governmental Funds

Lake View Charter School has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

Multiemployer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Charter's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Charter to make payments to the plan, which would approximate the Charter's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Charter's share of withdrawal liability is approximately \$1,535,299 as of June 30, 2021. The Charter does not currently intend to withdraw from CalSTRS. Refer to Note 9 for additional information on employee retirement plans.

Pending or Threatened Litigation

The Charter is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Charter as of June 30, 2022.

NOTE 12 – RELATED PARTY TRANSACTIONS

Authorizing Agency

The Charter makes payments to the authorizing agency, Lake Elementary School District, to provide required services for special education and other purchased services in addition to fees for oversight. In accordance with *California Education Code* 47613(b), the authorizing agency may charge actual costs of oversight not to exceed 3% of revenue from local control funding formula sources if the authorizing agency also provides substantially free facilities; Lake Elementary School District provides such facilities. Total fees for oversight and facility use amounted to \$79,868 for the fiscal year ended June 30, 2022.

Sequoia Grove Charter Alliance

Lake View Charter School participates in a joint venture with the Sequoia Grove Charter Alliance (SGCA). SGCA is a separate nonprofit organization and an independent service provider providing task-related administrative support services specific to the operation of public charter schools. The relationship between the Charter and the SGCA is such that the SGCA is not financially inter-related to the Charter for financial reporting purposes. The Charter holds an administrative support services agreement with SGCA as a member charter school that was entered into in June 2021. There were four member schools with SGCA during 2021-22: Lake View Charter School, Winship Community School, Feather River Charter School, and Clarksville Charter School. The Charter's former treasurer, Sara Rose Bonetti, currently sits on the Board for the SGCA as a representative of Lake View Charter School. The current agreement covers the 2021-22 fiscal year and calls for compensation equal to nine percent (9%) of the Charter's annual revenues. During the fiscal year ended June 30, 2022, the Charter recorded \$693,666 in service fees to SGCA. The Charter also reimbursed SGCA throughout the year for incurring costs on behalf of the Charter. As of June 30, 2022, \$270,839 was payable to SGCA from Lake View Charter School for unpaid service fees and reimbursement of incurred costs.

NOTE 12 – RELATED PARTY TRANSACTIONS (continued)

Interested Parties

Julie Haycock, the Principal and Executive Director for Lake View Charter School, also served as the Executive Director for Winship Community School. Winship Community School is a separate nonprofit organization that operated as an independent charter school. Winship Community School was a current member charter school of the Sequoia Grove Charter Alliance for the 2021-22 fiscal year.

NOTE 13 – SUBSEQUENT EVENTS

Lake View Charter School has evaluated subsequent events for the period from June 30, 2022 through December 6, 2022, the date the financial statements were available to be issued. Management did not identify any transactions or events that require disclosure or that would have an impact on the financial statements.

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SUPPLEMENTARY INFORMATION

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**LAKE VIEW CHARTER SCHOOL
LEA ORGANIZATION STRUCTURE
JUNE 30, 2022**

Lake View Charter School, located in Glenn County, was formed as a nonprofit public benefit corporation on July 24, 2019 to operate as a charter school. The charter school, Lake View Charter School was numbered by the State Board of Education in September 2019 as California Charter No. 2069. The Charter is authorized to operate as a charter school through the Lake Elementary School District. During 2021-22, the Charter served approximately 611 students in grades TK/K to 12.

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Lindsay Mower	President	June 2022
Billie Adkins	Secretary	June 2022
Glad Donahue	Treasurer	June 2024
Jessica Coombs	Member	June 2022
Serra Wells	Member	June 2023

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ADMINISTRATION
 Julie Haycock*
Executive Director

**Ms. Haycock was also the Executive Director of Winship Community School at June 30, 2022.*

**LAKE VIEW CHARTER SCHOOL
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2022**

	Second Period Report	Annual Report
	Nonclassroom-Based	
Grade Span		
Kindergarten* through third	289.77	291.95
Fourth through sixth	172.34	171.29
Seventh through eighth	82.77	83.80
Ninth through twelfth	72.17	72.19
Total Average Daily Attendance - Nonclassroom-Based	617.05	619.23

*Includes Transitional Kindergarten (TK)

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**LAKE VIEW CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Grade Span</u>	<u>2021-22 Number of Days</u>	<u>Status</u>
Kindergarten*	175	Complied
Grades 1 through 3	175	Complied
Grades 4 through 8	175	Complied
Grades 9 through 12	175	Complied

*Includes Transitional Kindergarten (TK)

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**LAKE VIEW CHARTER SCHOOL
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022**

June 30, 2022, fund balance/net position on the Financial Report - Annual Financial and Budget Report (Unaudited Actuals)	<u>\$ 251,978</u>
Adjustments:	
Increase (decrease) in total net assets:	
Client adjustment to books and supplies expenses	12,935
Client adjustment to services and other operating expenses	<u>89,851</u>
Net adjustments	<u>102,786</u>
June 30, 2022, net assets per audited financial statements	<u>\$ 354,764</u>

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See accompanying notes to the supplementary information.

**LAKE VIEW CHARTER SCHOOL
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 – PURPOSE OF SCHEDULES

A. LEA Organization Structure

This schedule provides information about the local education agency (LEA or charter school), including the Charter's authorizing agency, grades served, members of the governing body, and members of the administration.

B. Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the charter 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 and in different programs.

C. Schedule of Instructional Time

This schedule presents information on the number of instructional days offered per grade level by the Lake View Charter School and whether the Charter complied with the provisions of *Education Code Section 47612*.

D. Reconciliation of Annual Financial and Budget Report (Unaudited Actuals) with Audited Financial Statements

This schedule provides the information necessary to reconcile net position reported for the Charter Schools Enterprise Fund on the Annual Financial and Budget Report (Unaudited Actuals) to net assets on the audited financial statements.

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OTHER INDEPENDENT AUDITORS' REPORTS

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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

Independent Auditors' Report

To the Board of Directors of
Lake View Charter School
Orland, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Lake View Charter School (the "Charter") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated **December 6, 2022**.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter'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 Charter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter'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 Charter'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 Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Diego, California

December 6, 2022

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REPORT ON STATE COMPLIANCE

Independent Auditors' Report

To the Board of Directors of
Lake View Charter School
Orland, California

Report on State Compliance

Opinion on State Compliance

We have audited Lake View Charter School's compliance with the types of compliance requirements described in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of Lake View Charter School's state programs for the fiscal year ended June 30, 2022, as identified below.

In our opinion, Lake View Charter School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2022.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Lake View Charter School and to meet certain 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 opinion on state compliance. Our audit does not provide a legal determination of Lake View Charter School'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 internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lake View Charter School's state programs.

Auditor’s Responsibilities for the Audit for State Compliance

Our objectives are to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lake View Charter 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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is 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 report on compliance about Lake View Charter School's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgement 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 Lake View Charter School's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lake View Charter 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 the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Lake View Charter School's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine Lake View Charter School’s compliance with the state laws and regulations to the following items:

Description	Procedures Performed
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
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Yes
Immunizations	Not applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
In Person Instruction Grant	Not applicable
Charter Schools	
Attendance	Yes
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

“Not applicable” is used in the table above to indicate that the Charter either did not receive program funding or did not otherwise operate the program during the fiscal year.

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 or material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section 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. However, material weaknesses may exist that have not been 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

San Diego, California
December 6, 2022

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**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

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**LAKE VIEW CHARTER SCHOOL
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2022**

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>None</u>

Federal Awards

The Charter did not expend more than \$750,000 in federal awards; therefore, a Federal Single Audit under OMB Uniform Grant Guidance is not applicable.

State Awards

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2021-22 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

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All audit year findings, if any, are assigned an appropriate finding code as follows:

<u>FIVE DIGIT CODE</u>	<u>AB 3627 FINDING TYPE</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
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

**LAKE VIEW CHARTER SCHOOL
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

There were no audit findings related to the financial statements during the year ended June 30, 2022.

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**LAKE VIEW CHARTER SCHOOL
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

There were no audit findings and questioned costs related to state awards during the year ended June 30, 2022.

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**LAKE VIEW CHARTER SCHOOL
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

This schedule presents the status of actions taken by the Charter on each of the findings and recommendations reported in the prior year audit; however, there were no audit findings reported in the year ended June 30, 2021.

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