

YPI CHARTER SCHOOLS, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEAR ENDED JUNE 30, 2022

OPERATING:

Bert Corona Charter School: #0654
Monseñor Oscar Romero Charter School: #0931
Bert Corona High School: #1724

**YPI CHARTER SCHOOLS, INC.
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YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
YPI Charter Schools, Inc.
Granada Hills, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of YPI Charter Schools, Inc. (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 the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Bert Corona Charter School, Monseñor Oscar Romero Charter School, Bert Corona High School, Learning Support Center, and Eliminations columns in the statements of financial position, activities, and cash flows as well as the supplementary information (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* are presented for purposes of additional analysis and are 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 REPORT DATE 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
REPORT DATE

YPI CHARTER SCHOOLS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS	Bert Corona Charter School	Monseñor Oscar Romero Charter School	Bert Corona High School	Learning and Support Center	Eliminations	Total
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 2,555,368	\$ 4,446,001	\$ 760,340	\$ 38,575	\$ -	\$ 7,800,284
Accounts Receivable - Federal and State	2,629,201	869,179	446,532	-	-	3,944,912
Accounts Receivable - Other	7,514	10	511	68	-	8,103
Prepaid Expenses and Other Assets	44,834	42,967	28,170	14,700	-	130,671
Total Current Assets	<u>5,236,917</u>	<u>5,358,157</u>	<u>1,235,553</u>	<u>53,343</u>	<u>-</u>	<u>11,883,970</u>
LONG-TERM ASSETS						
Property, Plant, and Equipment, Net	250,630	26,668,249	87,407	3,398	-	27,009,684
Other Long-Term Assets	900	-	-	9,766	-	10,666
Total Long-Term Assets	<u>251,530</u>	<u>26,668,249</u>	<u>87,407</u>	<u>13,164</u>	<u>-</u>	<u>27,020,350</u>
Total Assets	<u>\$ 5,488,447</u>	<u>\$ 32,026,406</u>	<u>\$ 1,322,960</u>	<u>\$ 66,507</u>	<u>\$ -</u>	<u>\$ 38,904,320</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 1,676,246	\$ 1,721,902	\$ 330,350	\$ 66,507	\$ -	\$ 3,795,005
Deferred Revenue	505,275	711,322	394,698	-	-	1,611,295
Amount Held for Others	64,463	48,606	-	-	-	113,069
Loans Payable, Current Portion	-	260,357	-	-	-	260,357
Total Current Liabilities	<u>2,245,984</u>	<u>2,742,187</u>	<u>725,048</u>	<u>66,507</u>	<u>-</u>	<u>5,779,726</u>
LONG-TERM LIABILITIES						
Loan Payable	-	7,115,270	-	-	-	7,115,270
Total Long-Term Liabilities	<u>-</u>	<u>7,115,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,115,270</u>
Total Liabilities	2,245,984	9,857,457	725,048	66,507	-	12,894,996
NET ASSETS						
Without Donor Restriction	3,134,524	22,058,997	597,912	-	-	25,791,433
With Donor Restriction	107,939	109,952	-	-	-	217,891
Total Net Assets	<u>3,242,463</u>	<u>22,168,949</u>	<u>597,912</u>	<u>-</u>	<u>-</u>	<u>26,009,324</u>
Total Liabilities and Net Assets	<u>\$ 5,488,447</u>	<u>\$ 32,026,406</u>	<u>\$ 1,322,960</u>	<u>\$ 66,507</u>	<u>\$ -</u>	<u>\$ 38,904,320</u>

See accompanying Notes to Financial Statements.

**YPI CHARTER SCHOOLS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Bert Corona Charter School	Monseñor Oscar Romero Charter School	Bert Corona High School	Learning and Support Center	Eliminations	Total
REVENUES, WITHOUT DONOR RESTRICTION						
State Revenue:						
State Aid	\$ 2,749,503	\$ 2,441,185	\$ 2,124,074	\$ -	\$ -	\$ 7,314,762
Other State Revenue	758,313	489,623	193,290	-	-	1,441,226
Federal Revenue:						
Grants and Entitlements	2,195,640	809,173	319,149	-	-	3,323,962
Local Revenue:						
In-Lieu Property Tax Revenue	1,008,439	892,000	538,957	-	-	2,439,396
Contributions	73,363	51,498	82,183	-	-	207,044
Interest Income	5	-	-	45	-	50
Other Revenue	31,256	7,650	6,367	1,532,706	(1,367,067)	210,912
PPP Loan Forgiveness	614,605	598,644	314,251	-	-	1,527,500
Total Revenues	<u>7,431,124</u>	<u>5,289,773</u>	<u>3,578,271</u>	<u>1,532,751</u>	<u>(1,367,067)</u>	<u>16,464,852</u>
EXPENSES						
Program Services	3,934,887	4,237,562	2,489,299	-	-	10,661,748
Management and General	3,156,350	1,616,766	1,001,186	1,516,378	(1,367,067)	5,923,613
Total Expenses	<u>7,091,237</u>	<u>5,854,328</u>	<u>3,490,485</u>	<u>1,516,378</u>	<u>(1,367,067)</u>	<u>16,585,361</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	339,887	(564,555)	87,786	16,373	-	(120,509)
REVENUES, WITH DONOR RESTRICTION						
Federal Revenue	<u>107,939</u>	<u>109,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,891</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	<u>107,939</u>	<u>109,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,891</u>
CHANGE IN NET ASSETS	447,826	(454,603)	87,786	16,373	-	97,382
Net Assets - Beginning of Year	<u>2,794,637</u>	<u>22,623,552</u>	<u>510,126</u>	<u>(16,373)</u>	<u>-</u>	<u>25,911,942</u>
NET ASSETS - END OF YEAR	<u>\$ 3,242,463</u>	<u>\$ 22,168,949</u>	<u>\$ 597,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,009,324</u>

See accompanying Notes to Financial Statements.

YPI CHARTER SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Eliminations</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 4,707,379	\$ 2,076,020	\$ -	\$ -	\$ 6,783,399
Pension Expense	663,572	131,537	-	-	795,109
Other Employee Benefits	600,021	335,979	-	-	936,000
Payroll Taxes	126,212	116,733	-	-	242,945
Legal Expenses	-	17,297	-	-	17,297
Accounting Expenses	-	25,831	-	-	25,831
Instructional Materials	321,275	237	-	-	321,512
Other Fees for Services	1,352,763	3,032,698	-	(1,367,067)	3,018,394
Information Technology	-	165,287	-	-	165,287
Advertising and Promotion Expenses	-	119,148	-	-	119,148
Office Expenses	272,679	301,516	-	-	574,195
Occupancy Expenses	930,199	328,961	-	-	1,259,160
Travel and Conference Expense	16,640	23,861	-	-	40,501
Interest Expense	-	133,988	-	-	133,988
Depreciation Expense	781,498	189,444	-	-	970,942
Insurance Expense	-	137,560	-	-	137,560
Other Expenses	889,510	154,583	-	-	1,044,093
Subtotal	<u>10,661,748</u>	<u>7,290,680</u>	<u>-</u>	<u>(1,367,067)</u>	<u>16,585,361</u>
Eliminations	<u>-</u>	<u>(1,367,067)</u>	<u>-</u>	<u>1,367,067</u>	<u>-</u>
Total Functional Expenses	<u>\$ 10,661,748</u>	<u>\$ 5,923,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,585,361</u>

See accompanying Notes to Financial Statements.

**YPI CHARTER SCHOOLS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	Bert Corona Charter School	Monseñor Oscar Romero Charter School	Bert Corona High School	Learning and Support Center	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in Net Assets	\$ 447,826	\$ (454,603)	\$ 87,786	\$ 16,373	\$ -	\$ 97,382
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:						
Depreciation	102,427	820,844	44,748	2,923	-	970,942
PPP Loan Forgiveness	-	-	-	(1,527,500)	-	(1,527,500)
Change in Operating Assets:						
Accounts Receivable - Federal and State	(416,656)	188,674	257,810	-	-	29,828
Accounts Receivable - Other	(3,622)	227	(491)	145	-	(3,741)
Intercompany Receivable	-	111,000	-	-	(111,000)	-
Prepaid Expenses and Other Assets	25,159	19,099	14,368	8,596	-	67,222
Other Long-Term Assets	(50)	-	-	-	-	(50)
Change in Operating Liabilities:						
Accounts Payable and Accrued Liabilities	478,542	523,326	89,145	(25,505)	-	1,065,508
Intracompany Payable	-	-	(111,000)	-	111,000	-
Deferred Revenue	211,772	287,764	230,267	-	-	729,803
Amounts Held for Others	29,106	(1,092)	-	-	-	28,014
Net Cash Provided (Used) by Operating Activities	<u>874,504</u>	<u>1,495,239</u>	<u>612,633</u>	<u>(1,524,968)</u>	<u>-</u>	<u>1,457,408</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of Property, Plant, and Equipment	<u>(48,659)</u>	<u>(14,385)</u>	<u>(2,411)</u>	<u>(1,741)</u>	<u>-</u>	<u>(67,196)</u>
Net Cash Used by Investing Activities	<u>(48,659)</u>	<u>(14,385)</u>	<u>(2,411)</u>	<u>(1,741)</u>	<u>-</u>	<u>(67,196)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayments of Debt	<u>-</u>	<u>(151,461)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,461)</u>
Net Cash Used by Financing Activities	<u>-</u>	<u>(151,461)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,461)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	825,845	1,329,393	610,222	(1,526,709)	-	1,238,751
Cash and Cash Equivalents - Beginning of Year	<u>1,729,523</u>	<u>3,116,608</u>	<u>150,118</u>	<u>1,565,284</u>	<u>-</u>	<u>6,561,533</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,555,368</u>	<u>\$ 4,446,001</u>	<u>\$ 760,340</u>	<u>\$ 38,575</u>	<u>\$ -</u>	<u>\$ 7,800,284</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION						
Cash Paid for Interest	<u>\$ -</u>	<u>\$ 124,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,576</u>

See accompanying Notes to Financial Statements.

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

YPI Charter Schools, Inc. (the School) is a California nonprofit public benefit corporation developed by the Youth Policy Institute (YPI). The School currently manages three charter schools: Bert Corona Charter School, Monseñor Oscar Romero Charter School, and Bert Corona Charter High School. All of these charter schools are funded principally through state of California public education monies received through the California Department of Education and the Los Angeles Unified School District (the District).

The School's vision is to equip urban students in grades 5-12 for academic success and active community participation. The majority of students come from predominantly Latino immigrant families with high poverty levels. The School seeks to close the achievement gap for these students by providing clear and high expectations for all students to achieve a personalized and supportive learning environment that recognizes students' accomplishments, family-school-community partnerships and service, and integrated technology in the classroom.

Basis of Accounting

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

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.

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.

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.

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.

YPI CHARTER SCHOOLS, INC.
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. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$1,000.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the School. The entire compensated absences liability is reported on the statement of financial position. 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.

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (those with a measurable performance or other barrier and a right of return) 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 \$5,145,157 of which \$1,611,295 is recognized as deferred revenue in the statement of financial position.

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 is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files and exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Evaluation of Subsequent Events

The School has evaluated subsequent events through REPORT DATE, the date these financial statements were available to be issued.

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 LIQUIDITY AND AVAILABILITY

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

Cash and Cash Equivalents	\$ 7,800,284
Accounts Receivable - Federal and State	3,944,912
Accounts Receivable - Other	8,103
Less: Net Assets With Donor Restrictions	<u>(217,891)</u>
Financial Assets Available for General Expenditure	<u><u>\$ 11,535,408</u></u>

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains its cash and cash equivalents at high-credit quality financial institutions. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. 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 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. Depreciation expense for the year ended June 30, 2022 was \$970,942.

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

	Bert Corona Charter School	Montsenor Oscar Romero Charter School	Bert Corona High School	Learning and Support Center	Total
Building	\$ 1,449,617	\$ 29,012,417	\$ -	\$ 6,686	\$ 30,468,720
Building Improvements	271,091	-	-	-	271,091
Computers and Equipment	1,210,933	669,843	332,995	42,517	2,256,288
Furniture	38,561	21,317	1,953	-	61,831
Subtotal	<u>2,970,202</u>	<u>29,703,577</u>	<u>334,948</u>	<u>49,203</u>	<u>33,057,930</u>
Less: Accumulated Depreciation	<u>(2,719,572)</u>	<u>(3,035,328)</u>	<u>(247,541)</u>	<u>(45,805)</u>	<u>(6,048,246)</u>
Total	<u><u>\$ 250,630</u></u>	<u><u>\$ 26,668,249</u></u>	<u><u>\$ 87,407</u></u>	<u><u>\$ 3,398</u></u>	<u><u>\$ 27,009,684</u></u>

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 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. Certificated employees are members of the State Teachers' Retirement System (STRS).

The risks of participating in this multiemployer defined benefit pension plan 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 detailed in Teachers' Retirement Law, 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.

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS.

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 SIRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

**YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

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

<u>Year Ended June 30.</u>	<u>Bert Corona Charter School</u>		<u>Monseñor Oscar Romero Charter School</u>		<u>Bert Corona High School</u>	
	<u>Required</u>	<u>Percent</u>	<u>Required</u>	<u>Percent</u>	<u>Required</u>	<u>Percent</u>
	<u>Contribution</u>	<u>Contributed</u>	<u>Contribution</u>	<u>Contributed</u>	<u>Contribution</u>	<u>Contributed</u>
2020	\$ 245,692	100 %	\$ 209,606	100 %	\$ 154,773	100 %
2021	230,835	100 %	210,858	100 %	157,205	100 %
2022	257,464	100 %	237,861	100 %	197,730	100 %

Defined Contribution Plan

The School offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. The School matches up to 3% for classified employees. During the year ended June 30, 2022, the School contributed \$33,873 to this plan.

NOTE 6 OPERATING LEASES

Bert Corona Charter School

The School has a lease agreement for Bert Corona Charter School ending in June 2022. Rent expense for the year ended June 30, 2022 under these leases was \$163,128.

Learning and Support Center

The School leases facilities for its learning and support center until October 31, 2025. Rent expense for the year ended June 30, 2022 was \$42,000.

Future minimum lease payments are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 201,000
2024	42,000
2025	42,000
2026	14,000
Total	<u>\$ 299,000</u>

NOTE 7 LINE OF CREDIT

The School has a revolving line of credit with Pacific Western Bank. The line of credit has a principal of \$500,000 with a variable interest rate currently set at 4% annually. **The line of credit was renewed until July 26, 2022.** There was no outstanding balance as of June 30, 2022.

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 DUE TO OTHERS

The School receives contributions for the YPI Parent Group and student groups. The amount of cash held payable to the Parent Group and student groups as of June 30, 2022 was \$113,069.

NOTE 9 LONG-TERM DEBT

Charter School Facilities Program Loan

Monseñor Oscar Romero Charter School was awarded \$15,643,256 through Proposition 1D of which \$7,821,628 was a grant and \$7,821,628 was a long-term debt with an interest rate of 2% per year. The liability is secured by the property acquired and constructed with these funds. Monthly payments of principal and interest began in January 2020 and are expected to be made through January 2049. As of June 30, 2022 the outstanding balance on this loan was \$7,375,627.

Future loan payment are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 260,357
2024	214,222
2025	218,544
2026	222,952
2027	227,450
Thereafter	6,232,102
Total	<u>\$ 7,375,627</u>

Paycheck Protection Program Loan

On April 25, 2020 the School received a loan from Pacific Western Bank in the amount of \$1,527,500 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 LONG-TERM DEBT (CONTINUED)

Paycheck Protection Program Loan (Continued)

In July 2021, the School's PPP loan in the amount of \$1,527,500 and the related interest was forgiven by the SBA. The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to Specific Purpose:

Child Nutrition Program Funds	\$ 217,891
Total	<u>\$ 217,891</u>

NOTE 11 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include pension expense, other employee benefits, payroll taxes, and occupancy, which are allocated on the basis of estimates of time and effort.

NOTE 12 COMMITMENTS

The School has a co-location facility use agreement for Bert Corona High School with the Los Angeles Unified School District (the District). The total prorata share charge payments made for the year ended June 30, 2022 was \$212,832. The School is expecting to pay \$173,294 in the following fiscal year.

NOTE 13 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

DRAFT
For discussion purposes only
Subject to revision

YPI CHARTER SCHOOLS, INC.
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)
UNAUDITED

YPI Charter Schools, Inc. (the School) was established on November 17, 2003 and is a California nonprofit public benefit corporation. The School operates three sites: Bert Corona Charter School, Monseñor Oscar Romero Charter School, and Bert Corona Charter High, approved by the Los Angeles Unified School District as follows:

- Bert Corona Charter School (charter number 0654) – established in April 2004.
- Monseñor Oscar Romero Charter School (charter number 0931) – established in May 2007.
- Bert Corona Charter High (charter number 1724) – established in 2015.

The board of directors and the administrators as of the year ended June 30, 2022 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term (In Years)</u>	<u>Term Expires</u>
Mary Keipp	Chair	2	June 2023
Michael Green	Treasurer	2	June 2023
Sandra Mendoza	Secretary	2	June 2024
Walter Njboke	Member	2	June 2024
Dean Cho	Member	2	June 2024
Cesar Lopez	Member	2	June 2023

ADMINISTRATORS

Yvette King Berg	Executive Director
Ruben Dueñas	Chief Operating Officer

YPI CHARTER SCHOOLS, INC.
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Instructional Minutes		Traditional Instructional Days	Status
	Requirement	Actual		
Bert Corona Charter School:				
Grade 5	54,000	64,821	181	In Compliance
Grade 6	54,000	64,821	181	In Compliance
Grade 7	54,000	64,821	181	In Compliance
Grade 8	54,000	64,821	181	In Compliance
Monseñor Oscar Romero Charter School:				
Grade 6	54,000	63,965	181	In Compliance
Grade 7	54,000	63,965	181	In Compliance
Grade 8	54,000	63,965	181	In Compliance
Bert Corona Charter High School:				
Grade 9	64,800	66,248	181	In Compliance
Grade 10	64,800	66,248	181	In Compliance
Grade 11	64,800	66,248	181	In Compliance
Grade 12	64,800	66,248	181	In Compliance

See accompanying Notes to Supplementary Information.

YPI CHARTER SCHOOLS, INC.
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Bert Corona Charter School:				
Grades 5-6	109.22	110.78	109.60	111.19
Grades 7-8	194.60	199.98	194.65	200.43
Subtotal	<u>303.82</u>	<u>310.76</u>	<u>304.25</u>	<u>311.62</u>
Monseñor Oscar Romero Charter School:				
Grades 6	81.83	81.94	81.82	82.05
Grades 7-8	191.79	192.26	190.30	191.05
Subtotal	<u>273.62</u>	<u>274.20</u>	<u>272.12</u>	<u>273.10</u>
Bert Corona Charter High School:				
Grades 9-12	164.99	168.17	162.77	166.38
Subtotal	<u>164.99</u>	<u>168.17</u>	<u>162.77</u>	<u>166.38</u>
ADA Totals	<u><u>742.43</u></u>	<u><u>753.13</u></u>	<u><u>739.14</u></u>	<u><u>751.10</u></u>

See accompanying Notes to Supplementary Information.

YPI CHARTER SCHOOLS, INC.
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Bert Corona Charter School</u>	<u>Monseñor Oscar Romero Charter School</u>	<u>Bert Corona Charter High School</u>
June 30, 2022 Annual Financial Report Fund Balances (Net Assets)	\$ 3,050,478	\$ 22,056,421	\$ 339,305
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets):			
Cash and Cash Equivalents	-	-	56,522
Accounts Receivable - Federal and State	191,985	136,851	271,330
Accounts Payable and Accrued Liabilities	-	<u>(24,323)</u>	<u>(69,245)</u>
Net Adjustments and Reclassifications	<u>191,985</u>	<u>112,528</u>	<u>258,607</u>
June 30, 2022 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 3,242,463</u>	<u>\$ 22,168,949</u>	<u>\$ 597,912</u>

See accompanying Notes to Supplementary Information.

YPI CHARTER SCHOOLS, INC.
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	Additional Award Identification	Bert Corona Charter School	Monseñor Oscar Romero Charter School	Bert Corona High School	Total
U.S. Department of Education							
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	N/A		\$ 1,372,433	\$ -	\$ -	\$ 1,372,433
Pass-Through Program from California Department of Education:							
Title I, Part A	84.010	14981		131,172	147,967	75,757	354,896
Title II, Part A, Teacher Quality	84.367	14341		16,901	16,715	8,815	42,431
Title III, Limited English Proficient Student Program	84.365	14346		13,010	13,511	4,880	31,401
Title IV, Part A, Student Support and Academic Enrichment	84.424A	N/A		10,000	11,151	10,000	31,151
Special Education Cluster: IDEA Basic Local Assistance Entitlement, Part B, Section 611 Total Special Education Cluster	84.027	13379		93,209	82,244	49,868	225,321
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):							
Governor's Emergency Education Relief Fund (GEER)	84.425C	15535	COVID-19	33,581	16,560	23,921	74,062
Elementary and Secondary School Emergency Relief Fund	84.425D	15536	COVID-19	111,971	124,900	61,205	298,076
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	COVID-19	88,405	107,661	12,625	208,691
Total Coronavirus Aid, Relief, and Economic Security Act (CARES Act)				<u>233,957</u>	<u>249,121</u>	<u>97,751</u>	<u>580,829</u>
<i>Total U.S. Department of Education</i>				1,870,682	520,709	247,071	2,638,462
U.S. Department of Agriculture							
Pass-Through Program from California Department of Education:							
Child Nutrition Program Cluster:							
Especially Needy Breakfast Program	10.553	13526		136,963	125,208	8,559	270,730
National School Lunch Program	10.555	23165		243,769	221,533	46,436	511,738
Meal Supplements	10.555	13755		15,431	8,982	3,710	28,123
SNP COVID-19 Emergency Operational Costs Reimbursement	10.555	15637	COVID-19	36,120	42,079	12,759	90,958
Total Child Nutrition Program Cluster				<u>432,283</u>	<u>397,802</u>	<u>71,464</u>	<u>901,549</u>
Continuing Appropriations Act and Other Extensions Act:							
Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	15644	COVID-19	614	614	614	1,842
<i>Total U.S. Department of Agriculture</i>				<u>432,897</u>	<u>398,416</u>	<u>72,078</u>	<u>903,391</u>
Total Federal Expenditures				<u>\$ 2,303,579</u>	<u>\$ 919,125</u>	<u>\$ 319,149</u>	<u>\$ 3,541,853</u>

N/A - Pass-Through entity number not readily available or not applicable.

See accompanying Notes to Supplementary Information.

YPI CHARTER SCHOOLS, INC.
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 the School and whether the School complied with the corresponding 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 the 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
YPI Charter Schools, Inc.
Granada Hills, 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 YPI Charter Schools, Inc. (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, for the year then ended, the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

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
REPORT DATE

**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
YPI Charter Schools, Inc.
Granada Hills, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the School 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 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 on compliance for each major federal program. 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 compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's 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 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 the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's 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 the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the 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 Uniform Guidance, 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.

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
REPORT DATE

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
YPI Charter Schools, Inc.
Granada Hills, California

Opinion on State Compliance

We have audited YPI Charter School's (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	Yes
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	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
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	Yes

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
 REPORT DATE

**YPI CHARTER SCHOOLS, INC.
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	Governor’s Emergency Education Relief (GEER) Fund
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund and ESSER II
10.555, 10.553	Child Nutrition Cluster

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

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

**YPI CHARTER SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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

Our audit did not disclose any matters required to be reported in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**YPI CHARTER SCHOOLS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

There were no findings and questioned costs related to the basic financial statements, federal or state awards for the prior year.

DRAFT
For discussion purposes only
Subject to revision