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OAKLAND MILITARY INSTITUTE COLLEGE
PREPARATORY ACADEMY

FINANCIAL STATEMENTS

JUNE 30, 2023

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Oakland Military Institute College Preparatory Academy
Oakland, California

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Oakland Military Institute College Preparatory Academy (the "Academy"), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oakland Military Institute College Preparatory Academy as of June 30, 2023, and the changes to its net assets and its cash flows for the years 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. 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 Oakland Military Institute College Preparatory Academy 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted auditing standards:

- 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 Academy'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 Academy's ability to continue as a going concern for a reasonable period.

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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Oakland Military Institute College Preparatory Academy taken 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 basic 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 11, 2023, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Emphasis of Matter - Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Academy has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2016-02, Leases (Topic 842) for the year ended June 30, 2023. Accordingly, the Academy, as a lessee, has recognized a lease asset representing its right to use the underlying asset for the lease term and a lease liability for the payments to be made to lessor for all operating and finance leases greater than 12 months. Our opinions are not modified with respect to this matter.

CWDL, Certified Public Accountants

San Diego, California
December 11, 2023

FINANCIAL SECTION

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 4,465,458
Accounts receivable	1,327,046
Prepaid expenses	47,216
Total current assets	5,839,720

Non-current assets:

Capital assets, net	9,693,817
Operating lease right-of-use asset	1,078,890
Total non-current assets	10,772,707

Total Assets	\$ 16,612,427
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 504,093
Deferred revenues	1,740,890
Notes payable, current portion	56,542
Current portion of operating lease liability	141,924
Total current liabilities	2,443,449

Long-term liabilities:

Operating lease liability, less current portion	936,966
Notes payable	1,154,151
Total long-term liabilities	2,091,117
Total liabilities	4,534,566

Net assets:

Without Donor Restriction	12,077,861
Total net assets	12,077,861
Total Liabilities and Net Assets	\$ 16,612,427

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restriction
SUPPORT AND REVENUES	
Federal and state support revenues:	
Local control funding formula, state aid	\$ 4,632,293
Federal revenues	2,152,600
Other state revenues	2,097,079
Total federal and state support and revenues	<u>8,881,972</u>
Local support and revenues	
Payments in lieu of property taxes	1,411,078
Other local revenues	682,952
Total local support and revenues	<u>2,094,030</u>
Total Support and Revenues	<u>10,976,002</u>
 EXPENSES	
Program services	8,760,224
Management and general	1,286,071
Total Expenses	<u>10,046,295</u>
 CHANGE IN NET ASSETS	929,707
 Net Assets, Beginning	11,148,154
Net Assets, Ending	<u>\$ 12,077,861</u>

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

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

EXPENSES	Program Services	Management and General	Total
Personnel expenses:			
Salaries and wages	\$ 3,537,350	\$ 397,369	\$ 3,934,719
Pension expense	638,703	107,496	746,199
Payroll taxes	189,907	13,555	203,462
Other employee benefits	474,192	10,787	484,979
Total personnel expenses	4,840,152	529,207	5,369,359
Non-personnel expenses:			
Legal expenses	-	32,689	32,689
Accounting expenses	-	32,871	32,871
Instructional materials	533,127	-	533,127
Other fees for services	1,406,691	363,514	1,770,205
Office expense	-	112,161	112,161
Occupancy expense	273,246	-	273,246
Travel expense	7,722	13,288	21,010
Interest expense	-	25,323	25,323
Depreciation	428,531	-	428,531
Amortization	82,816	-	82,816
Insurance expense	-	125,332	125,332
Other expenses	1,187,939	51,686	1,239,625
Total non-personnel expenses	3,920,072	756,864	4,676,936
Total Expenses	\$ 8,760,224	\$ 1,286,071	\$ 10,046,295

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

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 929,707
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	428,531
Amortization	82,816
(Increase) decrease in operating assets:	
Accounts receivable	169,469
Prepaid expenses	(45,216)
Increase (decrease) in operating liabilities:	
Accounts payable	(71,781)
Deferred revenue	440,638
Operating lease right-of-use assets and liabilities	(82,816)
Net cash provided by operating activities	<u>1,851,348</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	(217,095)
Net cash used in investing activities	<u>(217,095)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on debt	(55,433)
Net cash used in financing activities	<u>(55,433)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

1,578,820

Cash and cash equivalents, Beginning

2,886,638

Cash and cash equivalents, Ending

\$ 4,465,458

SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES

Cash paid for interest	\$ 75,043
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OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Oakland Military Institute College Preparatory Academy (the "Academy"), was incorporated in the state of California in 2000 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law. The Academy's mission is to provide a structured, rigorous academic program where students are developed as leaders, scholars and critical thinker citizens. Through a military framework, the Academy inspires honor and pride within its students and cultivates life-long respect, confidence, and appreciation for others. The Academy provides instruction to Grades 6-12 students.

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.

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 (FASB).

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.

Functional Allocation of Expenses

Costs of providing the Academy'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 Academy 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.

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2023. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

Right-Of-Use

The Organization has recorded operating lease Right-of-Use (“ROU”) as a result of implementing the FASB issued ASU 2016-02, Leases (Topic 842). ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date and are based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, a risk-free rate is utilized in lieu of determining an incremental borrowing rate at the commencement date in deciding the present value of lease payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives. Lease expense is recognized on a straight-line basis over the lease term. Lease agreements with lease and non-lease components are generally accounted for separately.

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 useful lives range varies from 3 to 10 years.

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.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the Academy 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.

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – 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 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 are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the Academy 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, 2023, the Academy has conditional grants of \$2,636,955 of which \$1,740,889 is recognized as deferred revenue in the statement of financial position.

Property Taxes

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

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

During the year, the Academy received support services from the Military Department without commensurate monetary outlay from the Academy. These support services have been valued at an amount of \$1,707,403 based on expenditure reports information received from the Military Department. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services. and have been included in the accompanying financial statements.

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

The Academy is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 50(C)3 and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. The Academy is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The Academy files an exempt Academy return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Adoption of Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. The ASU is effective for the Academy for the year ended June 30, 2023 and has adopted the guidance accordingly. The restatement of the financial statements for all prior periods presented was not practicable and the cumulative effect of applying this Statement retroactively was not calculated to warrant a restatement of beginning net position.

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. Financial assets available for general expenditures comprise cash and cash equivalents and grants receivable for the total amount of \$5,731,983.

As part of the Academy's liquidity management plan, they invest cash in excess of daily requirements in short-term investments, certificate of deposits, and money market funds.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Academy maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The Academy 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.

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS

Capital assets in the accompanying financial statements is presented net of accumulated depreciation. The Academy capitalizes all expenditures for land, buildings, and equipment in excess of \$1,000. Depreciation expense was \$428,531 for the year ended June 30, 2023.

The components of property, plant, and equipment as of June 30, 2023 are as follows:

	Balance				Balance
	July 1, 2022	Additions	Deductions	#####	
Capital assets being depreciated					
Land improvements	\$ 13,540,883	\$ -	\$ -	\$ -	\$ 13,540,883
Furniture and equipment	1,519,195	33,088	-	-	1,552,283
Buildings	399,091	184,007	-	-	583,098
Total Capital Assets Being Depreciated	15,459,169	217,095	-	-	15,676,264
Less: Accumulated Depreciation	(5,553,916)	(428,531)	-	-	(5,982,447)
Capital Assets, net	\$ 9,905,253	\$ (211,436)	\$ -	\$ -	\$ 9,693,817

NOTE 5 – OPERATING LEASES

The Academy leases certain real property and equipment for the operation of charter schools with various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through the year 2033 and provide renewal options. The Academy included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The agreements generally require the Academy to pay insurance and repairs.

The Academy elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Academy has elected the short-term lease exemption for all leases with a term of twelve (12) months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Academy has real property short term lease agreements for the year ended June 30, 2023.

The Academy elected the practical expedient to not separate lease and non-lease components for real estate leases.

The total operating lease cost for the year ended June 30, 2023 is \$25,323. The supplemental cash flow information for the year ended June 30, 2023 is as follows:

Operating cash flows from operating leases	\$ 25,323
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OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 – OPERATING LEASES, continued

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term:	
Operating leases	7 years
Weighted-average discount rate:	
Operating leases	5%

The future minimum lease payments under non-cancelable operating leases with terms greater than one year are listed below as of June 30, 2023.

Year Ending June 30,	Operating lease
2024	\$ 141,924
2025	141,924
2026	133,972
2027	129,996
2028	129,996
Thereafter	690,012
Total lease payments	<u>1,367,824</u>
Less interest	<u>(288,934)</u>
Present value of lease liabilities	<u>\$ 1,078,890</u>

The Academy receives no sublease rental revenues nor pays any contingent rentals associated with these leases.

NOTE 6 – EMPLOYEE RETIREMENT

Multiemployer Defined Benefit Pension Plans

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

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

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – EMPLOYEE RETIREMENT, continued

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Academy contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. 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, 2023 total STRS plan net assets are \$283 billion, the total actuarial present value of accumulated plan benefits is \$434 billion, contributions from all employers totaled \$8.75 billion, and the plan is 74.4% funded. The Academy 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 Academy is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2023 was 19.1% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

The Academy's contributions to CalSTRS for the past three years are as follows:

	Contribution	Percent of Required Contribution
2023	\$ 252,096	100%
2022	\$ 388,569	100%
2021	\$ 285,103	100%

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – EMPLOYEE RETIREMENT, continued

California Public Employees’ Retirement System (CalPERS)

Plan Description

The Academy contributes to the School Employer Pool under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by CalPERS. Plan information for PERS is not publicly available. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees’ Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2022 the School Employer Pool total plan assets are \$79.3 billion, the present value of accumulated plan benefits is \$110.5 billion, contributions from all employers totaled \$2.34 billion, and the plan is 78.3% funded. The Academy did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS’ annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 7.0% 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 CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2023 was 19.1%. The contribution requirements of the plan members are established and may be amended by state statute.

The Academy's contributions to CalPERS for each of the last three years are as follows:

	Contribution	Percent of Required Contribution
2023	\$ 494,103	100%
2022	\$ 474,728	100%
2021	\$ 417,089	100%

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – NOTES PAYABLE

California School Finance Authority

The Academy received \$1,701,907 in matching funds pursuant a funding agreement between the State Allocation Board and the California School Finance Authority collectively referred to as the State. The Academy applied to the State for financing of its charter school facilities project under the Charter School Facilities Program (CSFP) established pursuant to Article 12 of Chapter 12.5 of Part 10 of the California Education code. The matching loan amount is amortized over 28 years at an interest rate of 2 percent per annum.

Debt service requirements for the loan as of June 30, 2023, are as follows:

Year Ending	
June 30,	Amount
2024	\$ 56,542
2025	57,673
2026	58,826
2027	60,002
2028	61,203
Thereafter	916,447
Total	<u>\$ 1,210,693</u>

NOTE 8 – CONTINGENCIES AND COMMITMENTS

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

NOTE 9 – 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 salaries and wages, pension expense, other employee benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

NOTE 10 – SUBSEQUENT EVENTS

The Academy's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 11, 2023, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

SUPPLEMENTARY INFORMATION

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
ACADEMY ORGANIZATIONAL STRUCTURE
JUNE 30, 2023**

The Academy was granted in 2000 by Oakland Unified School District (the District). The District has granted the Academy through June 30, 2024. During 2022-23, the Academy served approximately 456 students in grades 6 to 12. Oakland Military Institute College Preparatory Academy's Charter School number granted by the state is 0349.

The board of directors and the administrator as of the year ended June 30, 2023 were as follows:

GOVERNING BOARD		
Name	Office	Term Expiration
Honorable Edmund Gerald Brown Jr.	Chairman	N/A
Major General David S. Baldwin	Vice Chairman	N/A
Vice Admiral Jody Breckinridge	Facilities Officer	N/A
Joseph Wire	Treasurer	N/A
Brigadier General James L. Gabrielli	Secretary	N/A
David Clisham	Academics Officer	N/A
ADMINISTRATION		

LTC Stanley Echols
Superintendent

See accompanying note to supplementary information.

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023**

Grade Level	Minutes Requirement	2022-23	Number of Days		Status
		Actual Minutes	Traditional Calendar	Multitrack Calendar	
Grade 6	54,000	59,070	180	N/A	Complied
Grade 7	54,000	59,070	180	N/A	Complied
Grade 8	54,000	59,070	180	N/A	Complied
Grade 9	64,800	66,997	180	N/A	Complied
Grade 10	64,800	66,997	180	N/A	Complied
Grade 11	64,800	66,997	180	N/A	Complied
Grade 12	64,800	66,997	180	N/A	Complied

The District participated in Longer Day incentives and is funded at a level for a District that has not met or exceeded its LCFF target funding.

See accompanying note to supplementary information.

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023**

	Second Period Report	Annual Report
Classroom-Based ADA:		
Grade 6	47.51	47.21
Grades 7 and 8	109.79	109.35
Grades 9 through 12	262.58	261.49
Total ADA Classroom-Based	419.88	418.05

See accompanying note to supplementary information.

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

There were no reconciling items to the audited financial statements for the year ended June 30, 2023.

See accompanying note to supplementary information.

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Every Student Succeeds Act:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 78,844
Title II, Part A, supporting effective Instructional Local Grants	84.367	14341	7,592
Title IV, Part A, Student Support and Academic Enrichment Grants	84.365	14346	7,648
Special Education Cluster:			
Special Education - IDEA	84.027	13379	79,863
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):			
Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15547	399,157
Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15559	779,749
Elementary and Secondary School Emergency Relief (ESSER III) Fund - Learning Loss	84.425U	10155	327,444
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	73,129
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	16,784
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	47,672
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	82,178
Total U. S. Department of Education			1,900,060
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed Through California Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.553	13396	193,744
School Breakfast Program	10.553	13525	58,796
Total Child Nutrition Cluster			252,540
Total U. S. Department of Agriculture			252,540
Total Federal Expenditures			\$ 2,152,600

See accompanying note to supplementary information.

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES

Academy Organizational Structure

This schedule provides information about the Academy's authorizing agency, grades served, members of the governing body, and members of the administration.

Schedule of Instructional Time

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

Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of Academy. 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.

Reconciliation of Annual Financial and Budget Report (Unaudited Actuals) 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.

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Academy under programs of the federal governmental for the year ended June 30, 2023. 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 Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Academy.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The Academy has elected to use a rate other than the 10% de minimus indirect cost rate allowed under Uniform Guidance.

OTHER INDEPENDENT AUDITORS' REPORTS



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 Directors
Oakland Military Institute College Preparatory Academy
Oakland, 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 Oakland Military Institute College Preparatory Academy (the "Academy") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 11, 2023.

Report on Internal Controls 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 may exist that have not been 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 Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Diego, California
December 11, 2023



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

Governing Board
Oakland Military Institute College Preparatory Academy
Oakland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Oakland Military Institute College Preparatory Academy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oakland Military Institute College Preparatory Academy's major federal programs for the year ended June 30, 2023. Oakland Military Institute College Preparatory Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Oakland Military Institute College Preparatory Academy's complied, in all material respects, with the types of 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, 2023.

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; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oakland Military Institute College Preparatory Academy 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 Oakland Military Institute College Preparatory Academy'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 Oakland Military Institute College Preparatory Academy'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 Oakland Military Institute College Preparatory Academy'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 Oakland Military Institute College Preparatory Academy'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 Oakland Military Institute College Preparatory Academy'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 Oakland Military Institute College Preparatory Academy'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Oakland Military Institute College Preparatory Academy'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 11, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Oakland Military Institute College Preparatory Academy
Oakland, California

Opinion on State Compliance

We have audited Oakland Military Institute College Preparatory Academy's compliance with the types of compliance requirements described in the *2022-23 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 Oakland Military Institute College Preparatory Academy's state programs for the fiscal year ended June 30, 2023, as identified below.

In our opinion, Oakland Military Institute College Preparatory Academy's complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2023.

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's state programs.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

	DESCRIPTION	PROCEDURES PERFORMED
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:		
T.	California Clean Energy Jobs Act	No
U.	After/Before School Education and Safety Program:	Yes
V.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control and Accountability Plan	Yes
Y.	Independent Study-Coursed Based	Not applicable
Z.	Immunizations	Yes
AZ.	Educator Effectiveness	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ.	Career Technical Education Incentive Grant	Not applicable
EZ.	Transitional Kindergarten	Yes

CHARTER SCHOOLS:

AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	Not applicable
DD. Determination of Funding for Nonclassroom-Based Instruction	Not applicable
EE. Annual Instructional Minutes - Classroom Based	Yes
FF. Charter School Facility Grant Program	Yes

The term not applicable above is used to mean the Charter School did not offer the program during the fiscal year or did not receive any funding for the program.

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 identify 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 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance. Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 11, 2023

FINDINGS AND QUESTIONED COSTS SECTION

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors report?	<u>No</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>84.425C, 84.425D, 84.425U</u>	<u>COVID-19 Funds</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>
The Charter did not expend more than \$750,00 in federal awards; therefore a Federal Single Audit under Uniform Grant Guidance is not applicable.	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE	AB3627 FINDING TYPES
20000	Inventory of Equipment
30000	Internal Control

There were no findings related to the financial statements for 2022-23.

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE

50000

AB3627 FINDING TYPES

Federal Compliance

There were no federal award findings or questioned costs for 2022-23.

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

FIVE DIGIT CODE	AB3627 FINDING TYPES
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Missassignments
72000	School Accountability Report Card

There were no state award findings or questioned costs for 2022-23.

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

2022-001 ADA Reporting 10000

Criteria: Pursuant to the provisions of Education Code Section 19850, the Second Principal (P2) and Annual reports of attendance submitted to the California Department of Education should be supported by written contemporaneous records that document all pupil attendance included in the charter school's Average Daily Attendance (ADA) calculations.

Condition: During our testing on ADA, we calculated that the ADA reported on the P-2 Report and Annual ADA report that were underreported in error.

Effect: The Academy under-reported ADA by 3.99 for the P-2 and 3.15 for the Annual ADA Report.

Questioned Costs: None.

Current Status: Implemented in 2022-23.

2022-001 ADA Reporting 10000

Cause: It appears that the Academy's ADA reports were not correctly reported for ADA based on the supporting ADA schedules.

Recommendation: We recommend that the Academy implement procedures to accurately report ADA in its ADA Reports.

Management's Response: The Academy has implemented procedures to accurately report ADA.

Current Status: Implemented in 2022-23.

**OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

2022-002 Immunizations 40000

Criteria: Each pupil must have two varicella vaccine doses and one Tdap dose as required by Title 17, California Code of Regulations Section 6025 prior to admission into 7th or 8th Grade or has a current medical exemption from varicella or Tdap on file.

Condition: During our testing, we noted the one student did not have verification of Tdap on file. Total sample size was sixteen students.

Effect: The disallowed ADA for the student was .88 ADA.

Questioned Costs: \$9,637.

Cause: Non-compliance appears to have been a result of an oversight error.

Recommendation: We recommend that the Academy implement procedures to review all student files for necessary enrollment documentation.

Management's Response: The Academy has implemented procedures to periodically audit student enrollment records.

Current Status: Implemented in 2022-23.