

**EL CAMINO REAL ALLIANCE**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2023**

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

El Camino Real Charter High School (Charter No. 1314)

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
El Camino Real Alliance  
Woodland Hills, California

### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of El Camino Real Alliance which comprise the statement of financial position as of June 30, 2023, 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 El Camino Real Alliance as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of El Camino Real Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about El Camino Real Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of El Camino Real Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about El Camino Real Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and 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.

### **Report on Summarized Comparative Information**

We have previously audited El Camino Real Alliance's 2021-22 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it was been derived.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE**, on our consideration of El Camino Real Alliance'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 El Camino Real Alliance's internal control over financial reporting or on compliance.

**Other Reporting Required by Government Auditing Standards (continued)**

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering El Camino Real Alliance's internal control over financial reporting and compliance.

San Diego, California

DATE

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**EL CAMINO REAL ALLIANCE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 31,155,388	\$ 23,373,143
Investments	\$6,997,015 <del>6,489,304</del>	6,739,923
Accounts receivable	1,847,701	1,550,223
Prepaid expenses	224,838	67,057
Inventory	37,751	67,069
Total current assets	<u>39,754,982</u>	<u>31,797,415</u>
Capital assets		
Property and equipment	10,097,823	9,294,697
Less accumulated depreciation	<u>(3,357,236)</u>	<u>(3,062,210)</u>
Capital assets, net	<u>6,740,587</u>	<u>6,232,487</u>
<b>Total Assets</b>	<b>\$ <u>46,495,569</u></b>	<b>\$ <u>38,029,902</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 5,187,068	\$ 2,823,315
Deferred revenue	727,610	3,037,072
Postemployment benefits liability, net	1,881,947	5,744,200
Total liabilities	<u>7,796,625</u>	<u>11,604,587</u>
Net assets		
Without donor restrictions	<u>38,698,944</u>	<u>26,425,315</u>
Total net assets	<u>38,698,944</u>	<u>26,425,315</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>46,495,569</u></b>	<b>\$ <u>38,029,902</u></b>

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

**EL CAMINO REAL ALLIANCE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
<b>SUPPORT AND REVENUES</b>		
Federal and state support and revenues		
Local control funding formula, state aid	\$ 28,841,788	\$ 25,855,445
Federal revenues	4,597,846	3,957,354
Other state revenues	8,860,637	4,587,064
Total federal and state support and revenues	<u>42,300,271</u>	<u>34,399,863</u>
Local support and revenues		
Payments in lieu of property taxes	11,664,307	10,352,629
Student body activities	412,741	442,366
Food service sales	99,222	72,984
Investment income, net	1,967,604	1,435,310
Other local revenues	5,131,289	4,496,652
Total local support and revenues	<u>19,275,163</u>	<u>16,799,941</u>
<b>Total Support and Revenues</b>	<u>61,575,434</u>	<u>51,199,804</u>
<b>EXPENSES</b>		
Program services	44,497,998	39,589,598
Management and general	4,803,807	5,066,712
<b>Total Expenses</b>	<u>49,301,805</u>	<u>44,656,310</u>
<b>CHANGE IN NET ASSETS</b>	12,273,629	6,543,494
<b>Net Assets - Beginning</b>	<u>26,425,315</u>	<u>19,881,821</u>
<b>Net Assets - Ending</b>	<u>\$ 38,698,944</u>	<u>\$ 26,425,315</u>

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



**EL CAMINO REAL ALLIANCE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	2023			2022
	Program Services	Management and General	Total	Total
<b>EXPENSES</b>				
Personnel expenses				
Certificated salaries	\$ 17,703,830	\$ 24,819	\$ 17,728,649	\$ 17,300,561
Non-certificated salaries	4,115,411	913,139	5,028,550	4,611,875
Pension contributions	5,694,007	34,489	5,728,496	5,704,026
Postretirement benefits	1,054,055	84,460	1,138,515	-
Payroll taxes	941,749	38,909	980,658	810,414
Other employee benefits	3,982,778	17,979	4,000,757	3,687,871
Total personnel expenses	<u>33,491,830</u>	<u>1,113,795</u>	<u>34,605,625</u>	<u>32,114,747</u>
Non-personnel expenses				
Books and supplies	3,214,898	852,293	4,067,191	3,422,024
Insurance	-	557,301	557,301	340,376
Facilities	1,986,514	552,076	2,538,590	2,011,906
Professional services	3,923,198	1,310,563	5,233,761	4,834,998
Depreciation	225,569	69,457	295,026	293,021
Fees to authorizing agency	547,324	230,682	778,006	1,103,800
Other operating expenses	1,108,665	117,640	1,226,305	535,438
Total non-personnel expenses	<u>11,006,168</u>	<u>3,690,012</u>	<u>14,696,180</u>	<u>12,541,563</u>
<b>Total Expenses - 2023</b>	<u>\$ 44,497,998</u>	<u>\$ 4,803,807</u>	<u>\$ 49,301,805</u>	
<b>Total Expenses - 2022</b>	<u>\$ 39,589,598</u>	<u>\$ 5,066,712</u>		<u>\$ 44,656,310</u>

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

**EL CAMINO REAL ALLIANCE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 12,273,629	\$ 6,543,494
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Noncash items		
Depreciation	295,026	293,021
Postretirement actuarial (gain)/loss	1,295,390	9,294,728
Unrealized (gain)/loss on investments	250,619	903,059
(Increase) decrease in operating assets		
Accounts receivable	(297,478)	1,771,671
Prepaid expenses	(157,781)	21,755
Inventory	29,318	20,670
Increase (decrease) in operating liabilities		
Accounts payable	2,363,753	513,566
Deferred revenue	(2,309,462)	2,278,516
Postemployment benefits liability	(5,157,643)	(14,997,609)
<b>Net cash provided by (used in) operating activities</b>	<u>8,585,371</u>	<u>6,642,871</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Reinvestment of interest earned on investments	-	(106,910)
Purchase of investments	-	(6,786,072)
Purchase of capital assets	(803,126)	(161,852)
<b>Net cash provided by (used in) investing activities</b>	<u>(803,126)</u>	<u>(7,054,834)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	7,782,245	(411,963)
<b>Cash and cash equivalents - Beginning</b>	<u>23,373,143</u>	<u>23,785,106</u>
<b>Cash and cash equivalents - Ending</b>	<u>\$ 31,155,388</u>	<u>\$ 23,373,143</u>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

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

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

El Camino Real Alliance (the “Charter”) was formed as a nonprofit public benefit corporation on November 2, 2010 for the purpose of operating as El Camino Real Charter High School, a California public school, located in Los Angeles County. El Camino Real Charter High School was numbered by the State Board of Education in May 2011 as California Charter No. 1314. The Charter’s mission is to prepare its diverse student body for the next phase of their educational, professional, and personal journey through a rigorous, customized academic program that inspires the development of students’ unique talents and skills, builds character, and provides opportunities for civic engagement and real-world experiences. El Camino Real Charter High School first began school operations in July 2011 and currently serves grades 9 to 12.

El Camino Real Charter High School is authorized to operate as a charter school through the Los Angeles Unified School District (“LAUSD” or the “authorizing agency”). On December 8, 2020, the Board of Directors of LAUSD approved the charter petition renewal for a five-year term beginning July 1, 2021 and expiring on June 30, 2026. As a result of SB 114, the charter petition end date is extended to June 30, 2027. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

**B. Basis of Accounting**

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

**C. Financial Statement Presentation**

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

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

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

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

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Comparative Totals**

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Charter’s audited financial statements for the year ended June 30, 2022, from which the information was derived.

**E. 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.

**F. Functional Expenses**

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

**G. Contributions**

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

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

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

**H. In Lieu of Property Taxes Revenue**

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

**I. Cash and Cash Equivalents**

El Camino Real Alliance considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Investments**

The Charter's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

**K. Receivables and Allowances**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2023, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**L. Capital Assets**

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

**M. Deferred Revenue**

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

**N. Fair Value Measurements**

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

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

**O. Income Taxes**

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

**EL CAMINO REAL ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. Income Taxes (continued)**

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

**P. New Accounting Principle**

**ASC 842 Leases**

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

Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position (balance sheet) for proper recognition of any operating lease. A right-of-use asset is an intangible asset that pertains to the lessee's right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

The Charter has determined the impact and noted no significant change to the financial statements as a result of this accounting principle.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2023, consists of the following:

Cash in county treasury, at fair value	\$ 25,930,163
Cash in banks, non-interest bearing	5,165,450
Cash on hand or awaiting deposit	59,775
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 31,155,388</u></b>

**Cash in Banks**

**Custodial Credit Risk**

As of June 30, 2023, \$4,775,168 of the El Camino Real Alliance's bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks. Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. El Camino Real Alliance does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank.

**EL CAMINO REAL ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

**NOTE 2 – CASH AND CASH EQUIVALENTS (continued)**

**Cash in County Treasury**

**Policies and Practices**

El Camino Real Alliance is a voluntary participant in an external investment pool. The fair value of the Charter’s investment in the pool is reported in the financial statements at amounts based upon the Charter’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio in relation to the amortized cost of that portfolio. The balance available for withdrawal is recorded on the amortized cost basis and is based on the accounting records maintained by the County Treasurer.

**General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest Charter funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the California Government Code:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker’s Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**Interest Rate Risk**

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in the market interest rates. The Charter has managed its exposure to interest rate risk by investing in the county treasury. The Charter’s investments in the Los Angeles County Treasury Investment Pool, which combines the Charter’s share of the portfolio, has a combined fair value of \$25,930,163 and an unadjusted amortized book value of \$27,246,959 as of June 30, 2023. The average weighted maturity for this pool is 753 days.

**Fair Value Measurement**

Cash in county treasury is measured at Level 1 using the fair value input levels noted in Note 1N. The Charter has classified these funds as Level 1 because the amounts invested in the county treasury pooled investment fund primarily consist of investments types having observable inputs that reflect quoted prices. The investment types include those noted under the general authorizations section. As such, the carrying value consists of the amortized book value presented as “cash in county treasury” offset by the “county treasury fair value adjustment” to arrive at the combined fair value amount noted under the interest rate risk section.

**EL CAMINO REAL ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

**NOTE 3 – INVESTMENTS**

Investments as of June 30, 2023 consist of \$6,997,015. The table on the following page provides a description and sets forth, by level within the fair value hierarchy explained in Note 1N, the Charter's investments as of June 30, 2023.

		Market Value	Fair Value Hierarchy			At Cost
			Level 1	Level 2	Level 3	
Cash and equivalents	\$132,784	\$ 109,451	\$ -	\$ -	\$ -	\$ 136,533
Annuities		780,049	780,049	-	-	775,874
Taxable bonds	\$1,977,322	4,125,435	4,216,966	-	-	4,729,331
Equity fund stocks		1,466,586	1,466,589	-	-	1,532,523
Accrued income	\$8,247	7,783	-	-	-	-
<b>Total Investments</b>	<b>\$6,882,806</b>	<b>\$ <del>6,489,304</del></b>	<b>\$ 6,463,604</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,174,261</b>

The Charter also holds \$25,338,317 in investment accounts that are considered trust or plan assets associated with the Charter's postemployment benefit plan. Refer to Note 10 for additional information.

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2023, consists of the following:

Federal sources	\$ 920,653
Other state sources	447,725
In-lieu property taxes	444,657
Other local sources	34,666
<b>Total Accounts Receivable</b>	<b>\$ 1,847,701</b>

**NOTE 5 – CAPITAL ASSETS**

A summary of activity related to capital assets during the year ended June 30, 2023 consists of the following:

	Balance			Balance June 30, 2023
	July 1, 2022	Additions	Disposals	
Property and equipment				
Land	\$ 2,019,964	\$ -	\$ -	\$ 2,019,964
Buildings	3,667,231	491,158	-	4,158,389
Leasehold improvements	1,883,061	47,558	-	1,930,619
Furniture and equipment	1,724,441	160,050	-	1,884,491
Construction in progress	-	104,360	-	104,360
Total property and equipment	9,294,697	803,126	-	10,097,823
Less accumulated depreciation	(3,062,210)	(295,026)	-	(3,357,236)
<b>Capital Assets, net</b>	<b>\$ 6,232,487</b>	<b>\$ 508,100</b>	<b>\$ -</b>	<b>\$ 6,740,587</b>

There were purchases of capital assets for \$803,126 during the fiscal year ended June 30, 2023. Depreciation expense for the year was \$295,026.



**EL CAMINO REAL ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 6 – LIABILITIES**

**Accounts Payable**

Accounts payable as of June 30, 2023, consists of the following:

Accrued salaries and benefits	\$ 1,968,903
Vendor payables	1,165,320
Due to grantor government	1,004,784
Due to student groups	731,480
Compensated absences	266,936
Credit card liability	49,645
<b>Total Accounts Payable</b>	<b><u>\$ 5,187,068</u></b>

**Deferred Revenue**

Deferred revenues as of June 30, 2023, consists of the following:

Federal sources	\$ 184,694
State sources	248,846
Local sources	294,070
<b>Total Deferred Revenue</b>	<b><u>\$ 727,610</u></b>

**Postemployment Benefits Liability, Net**

Refer to Note 10 for additional information regarding the Charter’s postemployment benefits plan. A summary of the net change and components related to the net postemployment benefit liability during the year ended June 30, 2023 consists of the following:

	Balance July 1, 2022	Net Change	Balance June 30, 2023
Postemployment benefit obligation	\$ 26,203,640	\$ 1,016,624	\$ 27,220,264
Fair value of plan assets	(20,459,440)	(4,878,877)	(25,338,317)
<b>Net Postemployment Benefits Liability</b>	<b><u>\$ 5,744,200</u></b>	<b><u>\$ (3,862,253)</u></b>	<b><u>\$ 1,881,947</u></b>

**NOTE 7 – NET ASSETS**

At June 30, 2023, the Charter did not hold any net assets with donor restrictions. Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Charter. At June 30, 2023, the Charter’s net assets without donor restrictions consist of the following:

Net investment in capital assets	\$ 6,740,587
Undesignated	31,958,357
<b>Total Net Assets without Donor Restrictions</b>	<b><u>\$ 38,698,944</u></b>

**EL CAMINO REAL ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Charter’s financial assets as of June 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. The Charter maintains a line of credit (as mentioned in Note 11) which could be drawn upon to ensure financial assets are available as general expenditures and other obligations become due.

Financial assets	
Cash and cash equivalents	\$ 31,155,388
Investments, at cost	7,174,261
Accounts receivable	1,847,701
Prepaid expenses	224,838
Inventory	37,751
Total Financial Assets, excluding noncurrent	<u>40,439,939</u>
Contractual or donor-imposed restrictions	
Cash restricted by others for specific uses	<u>(727,610)</u>
<b>Financial Assets available to meet cash needs</b>	
<b>    for expenditures within one year</b>	<b><u>\$ 39,712,329</u></b>

**NOTE 9 – EMPLOYEE RETIREMENT PLANS**

Qualified employees are covered under multiemployer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code 47605*, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Charter has made such election. Certificated employees are members of the California State Teachers’ Retirement System (CalSTRS), and non-certificated employees are members of the California Public Employees’ Retirement System (CalPERS).

**California State Teachers’ Retirement System (CalSTRS)**

**Plan Description**

El Camino Real Charter High School contributes to the California State Teachers’ Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers’ Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

**Funding Policy**

Active plan members are required to contribute 10.25% or 10.205% of their 2022-23 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2022-23 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter’s contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2022-23	\$ 3,165,538	100%
2021-22	\$ 3,090,744	100%
2020-21	\$ 2,265,976	100%

**EL CAMINO REAL ALLIANCE  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**NOTE 9 – EMPLOYEE RETIREMENT PLANS (continued)**

**California State Teachers’ Retirement System (CalSTRS) (continued)**

**On-Behalf Payments**

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for El Camino Real Charter High School is estimated at \$1,566,748. The on-behalf payment amount is computed as the proportionate share of total 2021-22 State on-behalf contributions.

**California Public Employees’ Retirement System (CalPERS)**

**Plan Description**

El Camino Real Alliance contributes to the School Employer Pool under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. 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. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, California 95814.

**Funding Policy**

Active plan members, who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees’ Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

El Camino Real Alliance 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 for fiscal year 2022-23 was 25.37% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter’s contributions to CalPERS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2022-23	\$ 996,210	100%
2021-22	\$ 899,851	100%
2020-21	\$ 700,850	100%

**NOTE 10 – POSTEMPLOYMENT BENEFIT PLAN**

As previously mentioned in Note 6, El Camino Real Alliance holds a liability associated with a postretirement benefit plan amounting to a net balance of 1,881,947 as of June 30, 2023. There was a net increase in the liability of \$1,016,624 from the beginning balance of \$26,203,340. The total liability is offset by investments maintained by the Charter and specifically held to fund the postretirement benefit plan.

**EL CAMINO REAL ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 10 – POSTEMPLOYMENT BENEFIT PLAN (continued)**

**Plan Description**

El Camino Real Alliance sponsors a postemployment benefit plan to provide postemployment healthcare benefits (medical, dental, and vision) to eligible retirees and eligible covered spouses and pays a portion of the cost. All active employees that retire directly from El Camino Real Alliance and meet eligibility criteria may participate. The Charter accrues actuarially determined costs ratably to the date an employee becomes eligible for such benefits.

**Eligibility Criteria**

Benefits provided depend on the specific eligibility criteria in two categories: pre-charter and post-charter employees. Dependent coverage for spouses is also provided for those eligible employees. Eligibility criteria is as follows:

**Pre-Charter Employee**

- Hired prior to April 1, 2009  
 Rule of 80: Sum of age plus service equal to or greater than 80, with minimum 15 years of service
- Hired after April 1, 2009  
 Rule of 85: Sum of age plus service equal to or greater than 85, with minimum 25 years of service
- Exception for those not retiring under CalSTRS/CalPERS  
 Age 63 and minimum of 10 years of service

**Post-Charter Employee**

- Hired after July 1, 2011 but prior to July 1, 2018  
 Rule of 85: Sum of age plus service equal to or greater than 85, with minimum 25 years of service
- Exception for those not retiring under CalSTRS/CalPERS  
 Age 63 and minimum of 10 consecutive years of service if hired before July 1, 2016, and 15 consecutive years otherwise
- Hired on or after July 1, 2018  
 Age 62 and 25 years of service

**Actuarial Methods and Assumptions**

The total defined benefit plan obligation in the June 30, 2023 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2023
Accounting Standard	FASB ASC 715
Discount Rate	4.85%
Actuarial Cost Method	Projected Unit Credit
Medical Cost Trend	5.20%
Dental and Vision Cost Trend	5.00%
Expected Rate of Return	5.00%

**EL CAMINO REAL ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

**NOTE 10 – POSTEMPLOYMENT BENEFIT PLAN (continued)**

**Postemployment Benefit Plan**

The following information related to El Camino Real Alliance's postretirement benefit plan is contained in the actuarial valuation as of June 30, 2023. The Charter will obtain a new valuation every year.

	<u>June 30, 2023</u>
<b>Total Postemployment Benefit Plan Liability</b>	
Service cost	\$ 1,525,833
Interest cost	1,156,433
Actuarial loss/(gain)	(1,295,390)
Benefits payments	<u>(370,252)</u>
Net change	1,016,624
Total liability - beginning	26,203,640
Total liability - ending (a)	<u>\$ 27,220,264</u>
<b>Trust Assets</b>	
Contributions - employer	\$ 2,640,000
Actual return on assets	<u>2,238,877</u>
Net change	4,878,877
Trust assets - beginning	<u>20,459,440</u>
Trust assets - ending (b)	<u>\$ 25,338,317</u>
 Net defined benefit plan liability - ending (a) - (b)	 <u>\$ 1,881,947</u>
 Balance of trust assets as a percentage of the total defined benefit plan liability	  93%

El Camino Real Alliance is expected to contribute \$2,640,000 to the trust for the fiscal year ending June 30, 2023. Estimated future benefit payments for the next ten fiscal years are as follows:

<u>Year Ended June 30,</u>	<u>Benefit Payments</u>
2024	\$ 498,125
2025	531,356
2026	540,047
2027	576,919
2028	590,042
2029 - 2032	<u>3,249,052</u>
<b>Total</b>	<u>\$ 5,985,541</u>

**Fair Value of Plan Assets**

In accordance with FASB ASC No. 715-60, *Defined Benefit Plans – Other Postretirement*, the Charter has recognized the funded status of its postemployment retirement plan and measured the plan as the difference between fair value of plan assets and the accumulated postretirement benefit obligation. As mentioned in Note 3 covering investments, the Charter holds \$25,338,317 in investment accounts that are specifically earmarked as trust or plan assets for the postemployment benefit plan.

**EL CAMINO REAL ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

**NOTE 10 – POSTEMPLOYMENT BENEFIT PLAN (continued)**

**Fair Value of Plan Assets**

The following table provides a description and sets forth, by level within the fair value hierarchy explained in Note 1N, the Charter’s trust assets as of June 30, 2023.

	Market Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Cash, money funds, and bank deposits	\$ 66,957	\$ -	\$ -	\$ -
Equity securities	14,355,362	14,355,362	-	-
Mutual funds	7,828,503	7,828,503	-	-
Alternatives	3,087,495	-	3,087,495	-
<b>Total Trust Assets</b>	<b>\$ 25,338,317</b>	<b>\$ 22,183,865</b>	<b>\$ 3,087,495</b>	<b>\$ -</b>

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**Charter School Authorization**

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

The Charter makes payments to the authorizing agency, LAUSD, to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to \$391,803 and total fees for special education and other services amounted to \$778,006 for the fiscal year ending June 30, 2023.

**Governmental Funds**

El Camino Real Alliance 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 expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

**Multiemployer Defined Benefit Plan Participation**

Under current law on multiemployer defined benefit plans, the Charter’s voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Charter to make payments to the plan, which would approximate the Charter’s proportionate share of the multiemployer plan’s unfunded vested liabilities. CalSTRS has estimated that the Charter’s share of withdrawal liability is approximately \$19,501,931 as of June 30, 2022, the date of the most recent actuarial study. Also, as of June 30, 2022, CalPERS has estimated the Charter’s share of withdrawal liability to be \$7,853,855. The Charter does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 9 for additional information on employee retirement plans.

**Pending or Threatened Litigation**

The Charter is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Charter as of June 30, 2023.

**NOTE 12 – DONATED GOODS AND SERVICES**

During the year, many parents, administrators and other individuals donated significant amounts of time and services to El Camino Real Alliance in an effort to advance the Charter’s programs and objectives. These services have not been recorded in the Charter’s financial statements because they do not meet the criteria required by generally accepted accounting principles. The Charter did not receive any donated items during the fiscal year ended June 30, 2023.

**NOTE 13 – SUBSEQUENT EVENTS**

El Camino Real Alliance has evaluated subsequent events for the period from June 30, 2023 through **DATE**, the date the financial statements were available to be issued.

The Charter is currently disputing three invoices for COVID-19 testing, the total amount in dispute is **\$1,271,853**.

On July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended California Education Code (EC) 47607.4. The EC was amended to add “all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, shall have their term extended by one additional year.” As a result, the charter petition end date is extended to June 30, 2027.

Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

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## **SUPPLEMENTARY INFORMATION**

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**EL CAMINO REAL ALLIANCE  
LEA ORGANIZATION STRUCTURE  
JUNE 30, 2023**

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El Camino Real Alliance, located in Los Angeles County, was formed as a nonprofit public benefit corporation on November 2, 2010, to operate as a public charter school, El Camino Real Charter High School. El Camino Real Charter High School was numbered by the State Board of Education in May 2011 as Charter No. 1314. The Charter is authorized to operate with a petition approved by the Los Angeles Unified School District. During 2022-23, the Charter served approximately 3,577 students in grades 9 to 12.

**BOARD OF DIRECTORS**

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<u>Name</u>	<u>Office / Representation</u>	<u>Term Expiration</u>
Brad Wright	Chair / Community Rep.	June 30, 2025
Alexandra Ramirez	Vice Chair / Community Rep.	June 30, 2024
Danielle Malconian	Secretary / Community Rep.	June 30, 2023
Linda Ibach	Member / Certificated Rep.	June 30, 2023
Steve Kofahl	Member / Certificated Rep.	June 30, 2023
Daniela Vargas	Member / Classified Rep.	June 30, 2024
Greg Solkovits	Member / LAUSD Rep.	June 30, 2023

**ADMINISTRATION**

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David Hussey  
*Executive Director*

Gregory Wood  
*Chief Business Officer*

See accompanying notes to the supplementary information.

**EL CAMINO REAL ALLIANCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 440,047
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	76,984
Title III, English Learner Student Program	84.365	14346	8,382
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	30,206
Department of Rehabilitation: Workability II, Transitions Partnership Program	84.126	10006	54,757
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14894	56,173
<b>COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants [1]:</b>			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	57,063
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	1,155,828
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	335,816
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	353,713
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	81,180
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	29,162
American Rescue Plan - Homeless Children and Youth II (ARP HYC II) Program	84.425	15566	7,132
Subtotal Education Stabilization Fund Discretionary Grants			2,019,894
<i>Passed through Los Angeles Unified School District:</i>			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	842,178
<b>Total U. S. Department of Education</b>			3,528,621
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	219,421
National School Lunch Program	10.555	13391	464,372
Supply Chain Assistance	10.555	*	86,278
USDA Commodities	10.555	*	29,834
Subtotal Child Nutrition Cluster			799,905
<b>Total U. S. Department of Agriculture</b>			799,905
<b>U. S. DEPARTMENT OF DEFENSE:</b>			
<i>Passed through California Department of Education:</i>			
ROTC Language and Culture Training Grants	12.357	*	129,200
<b>Total U. S. Department of Defense</b>			129,200
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>Passed through California Department of Education:</i>			
Epidemiology and Laboratory Capacity (ELC) Reopening Schools Grant	93.323	*	140,120
<b>Total U. S. Department of the Treasury</b>			140,120
<b>Total Federal Expenditures</b>			\$ 4,597,846

[1] - Major Program

\* - Pass-Through Entity Identifying Number not available or not applicable

See accompanying notes to the supplementary information.

**EL CAMINO REAL ALLIANCE  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>Second Period Report</u>	<u>Annual Report</u>
	<u>Classroom-Based</u>	
<b>Grade Span</b>		
Regular		
Ninth through twelfth	3,218.60	3,184.04
Special education		
Ninth through twelfth	3.25	3.36
<b>Total Average Daily Attendance - Classroom-Based</b>	<u>3,221.85</u>	<u>3,187.40</u>
<b>Total Average Daily Attendance</b>	<u>3,221.85</u>	<u>3,187.40</u>

*The Charter had no Nonclassroom-Based ADA in 2022-23.*

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See accompanying notes to the supplementary information.

**EL CAMINO REAL ALLIANCE  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE YEAR ENDED JUNE 30, 2023**

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<u>Grade Span</u>	<u>Minutes Requirement</u>	<u>2022-23 Instructional Minutes</u>	<u>2022-23 Number of Days</u>	<u>Status</u>
Grade 9	64,800	64,933	180	Complied
Grade 10	64,800	64,933	180	Complied
Grade 11	64,800	64,933	180	Complied
Grade 12	64,800	64,933	180	Complied

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See accompanying notes to the supplementary information.

**EL CAMINO REAL ALLIANCE  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2023**

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June 30, 2023, net position reported for the Charter Schools Enterprise Fund on the Annual Financial and Budget Report (Unaudited Actuals)	<u>\$ 40,137,531</u>
Adjustments:	
Increase (decrease) in total net assets:	
Client adjustments to federal and state revenues	227
Record fair value adjustment to cash in county	(544,299)
Record repayment of state revenues	(386,804)
Unrealized gain adjustment for investments	<u>(507,711)</u>
Net adjustments	<u>(1,438,587)</u>
June 30, 2023, net assets per audited financial statements	<u>\$ 38,698,944</u>

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See accompanying notes to the supplementary information.

**NOTE 1 – PURPOSE OF SCHEDULES**

**A. LEA Organization Structure**

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

**B. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Charter has not elected to use the 10 percent de minimis indirect cost rate.

**C. Schedule of Average Daily Attendance**

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

**D. Schedule of Instructional Time**

This schedule presents information on the number of instructional days offered by the El Camino Real Charter High School and whether the Charter complied with the provisions of *Education Code Section 47612.5*.

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

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

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

To the Board of Directors of  
El Camino Real Alliance  
Woodland Hills, 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 El Camino Real Alliance (the "Charter") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated DATE.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Diego, California

DATE

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

Independent Auditors' Report

To the Board of Directors of  
El Camino Real Alliance  
Woodland Hills, California

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited El Camino Real Alliance'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 El Camino Real Alliance's major federal programs for the year ended June 30, 2023. El Camino Real Alliance'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, El Camino Real Alliance 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 El Camino Real Alliance 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 on compliance for each major federal program. Our audit does not provide a legal determination of El Camino Real Alliance'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 El Camino Real Alliance's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on El Camino Real Alliance's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about El Camino Real Alliance's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding El Camino Real Alliance's compliance with the compliance requirements referred to above and performing such procedures as we consider necessary in the circumstances.
- Obtain an understanding of El Camino Real Alliance'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 El Camino Real Alliance'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, significant audit findings, and certain 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 and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses 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.

**Report on Internal Control Over Compliance (continued)**

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.

San Diego, California

**DATE**

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## REPORT ON STATE COMPLIANCE

### Independent Auditors' Report

To the Board of Directors of  
El Camino Real Alliance  
Woodland Hills, California

#### **Report on State Compliance**

##### **Opinion on State Compliance**

We have audited El Camino Real Alliance's compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to El Camino Real Alliance's state program requirements for the fiscal year ended June 30, 2023. Reference to El Camino Real Alliance within this letter is inclusive of El Camino Real Charter High School (Charter No. 1314).

In our opinion, El Camino Real Alliance complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2023.

##### **Basis for Opinion on State Compliance**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

##### **Responsibilities of Management for Compliance**

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

**Auditor’s Responsibilities for the Audit for State Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on El Camino Real Alliance's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about El Camino Real Alliance's compliance with the requirements of the applicable state programs as a whole.

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

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

Description	Procedures Performed
<b>School Districts, County Offices of Education and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
Transitional Kindergarten	Not applicable
<b>Charter Schools</b>	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable

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

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

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

San Diego, California

**DATE**

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**SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

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**EL CAMINO REAL ALLIANCE  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
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>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425, 84.425C	Education Stabilization Fund Discretionary Grants

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>

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2022-23 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>No</u>
T:	<u>Unmodified</u>

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

<u>FIVE DIGIT CODE</u>	<u>AB 3627 FINDING TYPE</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

**EL CAMINO REAL ALLIANCE  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

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There were no audit findings related to the financial statements for the year ended June 30, 2023.

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**EL CAMINO REAL ALLIANCE  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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There were no audit findings and questioned costs related to federal awards for the year ended June 30, 2023.

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**EL CAMINO REAL ALLIANCE  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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There were no audit findings and questioned costs related to state awards for the year ended June 30, 2023.

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**EL CAMINO REAL ALLIANCE  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

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This schedule presents the status of actions taken by the Charter on each of the findings and recommendations reported in the prior year audit; however, there were no audit findings reported in the year ended June 30, 2022.

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