

Financial Statements
June 30, 2022

American Indian Model Schools

American Indian Public Charter School (AIPCS)
(Charter Number 0106)

American Indian Public Charter School II (AIPCS II)
(Charter Number 0882)

American Indian Public High School (AIPHS)
(Charter Number 0765)

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Independent Auditor's Report

Governing Board
American Indian Model Schools
Oakland, California

Report on the Financial Statements

Opinion

We have audited the financial statements of American Indian Model Schools (the Organization) (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Organization 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 Organization's ability to continue as a going concern for 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 accompanying supplementary information such as the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information on pages 17-26 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and 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 schedule of expenditures of federal awards and other supplementary 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 _____, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2022

American Indian Model Schools
Statement of Financial Position
June 30, 2022

Assets		
Current assets		
Cash	\$ 5,397,035	
Receivables	5,097,731	
Prepaid expenses	<u>132,657</u>	
Total current assets		<u>10,627,423</u>
Noncurrent assets		
Security deposit	36,792	
Property and equipment, net	<u>7,981,257</u>	
Total noncurrent assets		<u>8,018,049</u>
Total assets		<u>\$ 18,645,472</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 1,140,060	
Accrued liabilities	156,787	
Accrued compensated absences	186,983	
Refundable advance	1,468,202	
Current portion of notes payable	222,692	
Current portion of capital leases	<u>22,477</u>	
Total current liabilities		<u>3,197,201</u>
Long-term liabilities		
Notes payable, less current portion	8,540,140	
Capital leases, less current portion	<u>18,719</u>	
Total long-term liabilities		<u>8,558,859</u>
Total liabilities		<u>11,756,060</u>
Net Assets		
Without donor restrictions	5,703,866	
With donor restrictions	<u>1,185,546</u>	
Total net assets		<u>6,889,412</u>
Total liabilities and net assets		<u>\$ 18,645,472</u>

American Indian Model Schools
Statement of Activities
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Local Control Funding Formula	\$ 13,673,843	\$ 728,498	\$ 14,402,341
Federal revenue	3,214,824	-	3,214,824
Other state revenue	1,362,659	194,047	1,556,706
Local revenues	475,561	263,001	738,562
Interest income	347	-	347
Rental income	52,945	-	52,945
Fundraising revenue	6,032	-	6,032
Net assets released from restrictions	444,630	(444,630)	-
	<u>19,230,841</u>	<u>740,916</u>	<u>19,971,757</u>
Total support and revenues			
Expenses			
Program services	17,970,940	-	17,970,940
Management and general	1,426,840	-	1,426,840
Fundraising and development	7,357	-	7,357
	<u>19,405,137</u>	<u>-</u>	<u>19,405,137</u>
Total expenses			
Change in Net Assets	(174,296)	740,916	566,620
Net Assets, Beginning of Year	<u>5,878,162</u>	<u>444,630</u>	<u>6,322,792</u>
Net Assets, End of Year	<u>\$ 5,703,866</u>	<u>\$ 1,185,546</u>	<u>\$ 6,889,412</u>

American Indian Model Schools
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries	\$ 7,979,820	\$ 845,867	\$ -	\$ 8,825,687
Employee benefits	1,359,369	121,710	-	1,481,079
Payroll taxes	694,434	74,592	-	769,026
Fees for services	1,127,200	64,602	-	1,191,802
Advertising and promotions	67,153	470	-	67,623
Office expenses	822,091	95,161	-	917,252
Information technology	243,942	4,486	-	248,428
Occupancy	258,361	45,945	-	304,306
Conferences and meeting	151,299	17,020	-	168,319
Interest	403,242	37,214	-	440,456
Depreciation	337,640	32,617	-	370,257
Insurance	141,365	14,479	-	155,844
Other expenses	175,856	8,335	7,357	191,548
Special education	2,613,395	-	-	2,613,395
Instructional materials	1,055,845	46,602	-	1,102,447
Nutrition	412,706	-	-	412,706
District oversight fees	127,222	17,740	-	144,962
	<u>\$ 17,970,940</u>	<u>\$ 1,426,840</u>	<u>\$ 7,357</u>	<u>\$ 19,405,137</u>

American Indian Model Schools
Statement of Cash Flows
Year Ended June 30, 2022

Operating Activities	
Change in net assets	\$ 566,620
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation expense	370,257
Changes in operating assets and liabilities	
Receivables	(269,340)
Prepaid expenses	(1,422)
Accounts payable	582,297
Accrued liabilities	44,515
Refundable advance	720,177
	<u>2,013,104</u>
Net Cash from (used for) Operating Activities	<u>2,013,104</u>
Investing Activities	
Purchases of property and equipment	<u>(3,925)</u>
Financing Activities	
Principal payments on notes	(210,504)
Principal payments on capital leases	<u>(20,901)</u>
Net Cash from (used for) Investing Activities	<u>(231,405)</u>
Net Change in Cash	1,777,774
Cash, Beginning of Year	<u>3,619,261</u>
Cash, End of Year	<u>\$ 5,397,035</u>
Supplemental Cash Flow Disclosure	
Cash paid during the year in interest	<u>\$ 440,409</u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

American Indian Model Schools (the Organization) was incorporated in the State of California in 1996 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. The Organization operates three non-profit charter schools, under a charter granted by the Oakland Unified School District (OUSD). The following authorized charters are operated by the Organization:

American Indian Public Charter School (AIPCS)

Charter school number authorized by the State: 0106
Currently serves 234 students in grades sixth through eighth
Charter school was renewed by OUSD through June 30, 2026

American Indian Public Charter School II (AIPCS II)

Charter school number authorized by the State: 0882
Currently serves 633 students in grades kindergarten through eighth
Charter school was renewed by OUSD through June 30, 2022

American Indian Public High School (AIPHS)

Charter school number authorized by the State: 0765
Currently serves 433 students in grades ninth through twelfth
Charter school was renewed by OUSD through June 30, 2026

About AIMS

“Our mission at AIMS is to cultivate a community of diverse learners who achieve academic excellence. Our commitment to high expectations is attendance, academic achievement, and character development results in our students being prepared for lifelong success.”

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

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

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding receivables as of June 30, 2022 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intra-Entity Transactions

Intra-entity transactions results from a net cumulative difference between resources provided by the central office account to each charter school and reimbursement for those resources from each charter school to the home office account. Intra-entity transfers include certain costs of shared liabilities and shared assets between the Organization.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2022.

Revenue and Revenue Recognition

Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Consequently, at June 30, 2022 conditional contributions approximating \$3,785,972, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

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. No significant contributions of such goods or services were received during the year ended June 30, 2022.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities and fundraising and development activities. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction. It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Organization's mission.

Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. 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. Although the full impact of this update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases. The ASU is effective for the Organization for the year ended June 30, 2023. Management is evaluating the impact of the adoption of this standard.

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, comprise the following:

Financial assets	
Cash	\$ 5,397,035
Receivables	<u>5,097,731</u>
Financial assets at year end	<u>10,494,766</u>
Less those available for general expenditure within one year due to Restrictions by donor with purpose restrictions	<u>(1,185,546)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 9,309,220</u></u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2022:

Land	\$	2,451,271
Building improvements		2,747,219
Building		5,719,632
Computer and equipment		178,675
		11,096,797
Less accumulated depreciation		(3,115,540)
Total	\$	7,981,257

Note 4 - Notes Payable

Notes payable consist of the following at June 30, 2022:

Note payable, due in variable monthly installments principal and interest at 5.250% collateralized by (a) a deed of trust for the real property located in Alameda County, CA; (b) an assignment of all rents to lender on real property located in Alameda County, CA; and (c) all financial contracts and all proceeds thereof, including all accounts and general intangibles, described in the Commercial Security Agreement, with a carrying value of \$9,300,000; maturing in 2029.

\$ 8,762,832

Future maturities of notes payable are as follows:

Year Ending June 30,		Principal
2023	\$	222,692
2024		233,000
2025		244,268
2026		256,556
2027		267,452
Thereafter		7,538,864
Total	\$	8,762,832

Note 5 - Capital Leases

The Organization leases vehicles under a lease expiring through 2024.

Future minimum lease payments are as follows:

Year Ending June 30,	
2023	\$ 24,699
2024	<u>19,272</u>
Total minimum lease payments	43,971
Less amount representing interest	<u>(2,775)</u>
Total	<u><u>\$ 41,196</u></u>

Leased property under capital leases includes the following at June 30, 2022:

Vehicles	<u>\$ 103,857</u>
Less accumulated amortization	<u>(83,085)</u>
Total	<u><u>\$ 20,772</u></u>

Note 6 - Operating Lease

On April 7, 2020, the Organization entered into a Single-Year Co-Location Use Agreement (Agreement) with Oakland Unified School District (OUSD) for the property located at 746 Grand Avenue, Oakland, California 94610. The single-year term of the Agreement expires June 30, 2022. Per the agreement, American Indian Charter School agrees to pay OUSD an annual fee for use of the District premises consistent with California Code of Regulations, Title 5, Section 11969.7 (the "Pro Rata Share Charge"). Total annual Pro Rata Share charge for the year ending June 30, 2022, was \$174,172.

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

Note 7 - Net Assets

Net assets consist of the following at June 30, 2022:

Net Assets Without Donor Restrictions	
Designated for Scholarship Funds	\$ 606,727
Designated for Robert Family Grant	261,938
Designated for San Francisco 49ers Grant	5,000
Designated for State Programs	61,320
Undesignated net assets	<u>4,768,881</u>
Total net assets without donor restrictions	<u>\$ 5,703,866</u>
Net Assets with Donor Restrictions	
Subject to expenditure for specified purpose	
Measure G1	\$ 103,268
Education Protection Act	728,498
After School Education and Safety	128,826
Lottery - Instructional Materials	160,822
Kitchen Infrastructure Grant	64,001
SB 117 COVID-19 LEA Response Funds	<u>131</u>
	<u>\$ 1,185,546</u>
Satisfaction of purpose restrictions	
Measure G1	\$ 90,007
Education Protection Act	265,162
After School Education and Safety	25,296
Lottery - Instructional Materials	64,034
SB 117 COVID-19 LEA Response Funds	<u>131</u>
Total nets assets released from donor restrictions	<u>\$ 444,630</u>

Note 8 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California Public Employees' Retirement System (CalPERS).

California Public Employees Retirement System (CalPERS)**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total Organization's contributions were \$695,303.

Note 9 - Contingencies, Risks, and Uncertainties

The Organization 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 reimbursement, if required, would not be material.

Note 10 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2022, 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
June 30, 2022

American Indian Model Schools

American Indian Model Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	\$ 117,127
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	870,037
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	<u>1,162,614</u>
Subtotal			<u>2,149,778</u>
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	238,232
Title II, Part A, Supporting Effective Instruction	84.367	14341	36,541
Title III, English Learner Student Program	84.365	14346	16,070
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	36,724
State Charter School Facilities Incentive Grant Program	84.282D	[1]	<u>235,273</u>
Subtotal			<u>562,840</u>
Total U.S. Department of Education			<u>2,712,618</u>
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Meal Supplement	10.555	13396	16,181
Summer Food Service Program	10.559	13004	<u>422,173</u>
Total Child Nutrition Cluster			<u>438,354</u>
CACFP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	62,010
Pandemic EBT Local Administrative Grant	10.649	15644	<u>1,842</u>
Total U.S. Department of Agriculture			<u>63,852</u>
Total Federal Financial Assistance			<u>\$ 3,214,824</u>

[1] Pass-Through Entity Identifying Number not available.

ORGANIZATION

American Indian Model Schools operate three nonprofit charter schools: American Indian Public Charter School (Charter Number 0106), American Indian Public Charter School II (Charter Number 0882), and American Indian Public High School (Charter Number 0765). The Schools are operating under a charter granted by the Oakland Unified School District and offer classroom-based instruction for grades K - 12.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Christopher Edington	President	June 2024
Dana Lang	Member	June 2022
Steven Leung	Member	June 2023
Jumoke Hinton-Hodge	Member	June 2024

ADMINISTRATION

NAME	TITLE
Maya Woods-Cadiz	Superintendent

American Indian Model Schools
Schedule of Average Daily Attendance
June 30, 2022

AIPCS

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Sixth	76.31	75.34
Seventh and eighth	<u>147.31</u>	<u>146.26</u>
Total regular ADA	<u><u>223.62</u></u>	<u><u>221.60</u></u>
Classroom based ADA		
Sixth	76.31	75.34
Seventh and eighth	<u>147.31</u>	<u>146.26</u>
Total classroom based ADA	<u><u>223.62</u></u>	<u><u>221.60</u></u>

AIPCS II

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Kindergarten through third	267.55	266.50
Fourth through sixth	224.88	224.44
Seventh and eighth	<u>127.81</u>	<u>126.44</u>
Total regular ADA	<u><u>620.24</u></u>	<u><u>617.38</u></u>
Classroom based ADA		
Kindergarten through third	267.55	266.50
Fourth through sixth	224.88	224.44
Seventh and eighth	<u>127.81</u>	<u>126.44</u>
Total classroom based ADA	<u><u>620.24</u></u>	<u><u>617.38</u></u>

AIPHS

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Ninth through twelfth	<u>428.16</u>	<u>423.73</u>
Total regular ADA	<u><u>428.16</u></u>	<u><u>423.73</u></u>
Classroom based ADA		
Ninth through twelfth	<u>428.16</u>	<u>423.73</u>
Total classroom based ADA	<u><u>428.16</u></u>	<u><u>423.73</u></u>

American Indian Model Schools
Schedule of Instructional Time
Year Ended June 30, 2022

AIPCS

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 6 - 8	54,000								
Grade 6		66,300	-	66,300	188	-	-	188	Complied
Grade 7		66,300	-	66,300	188	-	-	188	Complied
Grade 8		66,300	-	66,300	188	-	-	188	Complied

AIPCS II

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	57,840	-	57,840	188	-	-	188	Complied
Grades 1 - 3	50,400								
Grade 1		58,890	-	58,890	188	-	-	188	Complied
Grade 2		68,595	-	68,595	188	-	-	188	Complied
Grade 3		68,595	-	68,595	188	-	-	188	Complied
Grades 4 - 6	54,000								
Grade 4		68,595	-	68,595	188	-	-	188	Complied
Grade 5		68,595	-	68,595	188	-	-	188	Complied
Grade 6		66,300	-	66,300	188	-	-	188	Complied
Grades 7 - 8	54,000								
Grade 7		66,300	-	66,300	188	-	-	188	Complied
Grade 8		66,300	-	66,300	188	-	-	188	Complied

American Indian Model Schools
 Schedule of Instructional Time
 Year Ended June 30, 2022

AIPHS

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 9 - 12	64,800								
Grade 9		66,700	-	66,700	185	-	-	185	Complied
Grade 10		66,700	-	66,700	185	-	-	185	Complied
Grade 11		66,700	-	66,700	185	-	-	185	Complied
Grade 12		66,700	-	66,700	185	-	-	185	Complied

American Indian Model Schools
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2022

Summarized below are the net asset reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	AIPCS	AIPCS II	AIHS
Net Assets			
Balance, June 30, 2022, Unaudited Actuals	\$ 1,746,567	\$ 3,331,720	\$ 1,639,188
Increase in Receivables	73,913	97,752	-
Balance, June 30, 2022, Audited Financial Statements	\$ 1,820,480	\$ 3,429,472	\$ 1,639,188

American Indian Model Schools
Combining Statement of Financial Position
June 30, 2022

	Central Office	AIPCS	AIPCS II
Assets			
Current assets			
Cash	\$ 575,470	\$ 606,727	\$ 4,214,838
Receivables	17,279	930,546	2,251,683
Intra-entity receivable	-	418,141	-
Prepaid expenses	70,265	5,115	10,846
Total current assets	<u>663,014</u>	<u>1,960,529</u>	<u>6,477,367</u>
Noncurrent assets			
Security deposit	-	2,500	27,250
Property and equipment, net	-	131,422	7,842,911
Total noncurrent assets	<u>-</u>	<u>133,922</u>	<u>7,870,161</u>
Total assets	<u>\$ 663,014</u>	<u>\$ 2,094,451</u>	<u>\$ 14,347,528</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 471,974	\$ 98,195	\$ 312,692
Accrued liabilities	156,787	-	-
Accrued compensated absences	-	23,939	87,231
Refundable advance	-	138,105	817,017
Intra-entity payable	33,981	-	924,552
Current portion of notes payable	-	-	222,692
Current portion of capital leases	-	7,492	7,492
Total current liabilities	<u>662,742</u>	<u>267,731</u>	<u>2,371,676</u>
Long-term liabilities			
Notes payable, less current portion	-	-	8,540,140
Capital leases, less current portion	-	6,240	6,240
Total long-term liabilities	<u>-</u>	<u>6,240</u>	<u>8,546,380</u>
Total liabilities	<u>662,742</u>	<u>273,971</u>	<u>10,918,056</u>
Net Assets			
Without donor restrictions	272	1,637,395	3,129,515
With donor restrictions	-	183,085	299,957
Total net assets	<u>272</u>	<u>1,820,480</u>	<u>3,429,472</u>
Total liabilities and net assets	<u>\$ 663,014</u>	<u>\$ 2,094,451</u>	<u>\$ 14,347,528</u>

American Indian Model Schools
Combining Statement of Financial Position
June 30, 2022

	<u>AIPHS</u>	<u>Elimination</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ -	\$ -	\$ 5,397,035
Receivables	1,898,223	-	5,097,731
Intra-entity receivable	540,392	(958,533)	-
Prepaid expenses	46,431	-	132,657
Total current assets	<u>2,485,046</u>	<u>(958,533)</u>	<u>10,627,423</u>
Noncurrent assets			
Security deposit	7,042	-	36,792
Property and equipment, net	6,924	-	7,981,257
Total noncurrent assets	<u>13,966</u>	<u>-</u>	<u>8,018,049</u>
Total assets	<u>\$ 2,499,012</u>	<u>\$ (958,533)</u>	<u>\$ 18,645,472</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 257,199	\$ -	\$ 1,140,060
Accrued liabilities	-	-	156,787
Accrued compensated absences	75,813	-	186,983
Refundable advance	513,080	-	1,468,202
Intra-entity payable	-	(958,533)	-
Current portion of notes payable	-	-	222,692
Current portion of capital leases	7,493	-	22,477
Total current liabilities	<u>853,585</u>	<u>(958,533)</u>	<u>3,197,201</u>
Long-term liabilities			
Notes payable, less current portion	-	-	8,540,140
Capital leases, less current portion	6,239	-	18,719
Total long-term liabilities	<u>6,239</u>	<u>-</u>	<u>8,558,859</u>
Total liabilities	<u>859,824</u>	<u>(958,533)</u>	<u>11,756,060</u>
Net Assets			
Without donor restrictions	936,684	-	5,703,866
With donor restrictions	702,504	-	1,185,546
Total net assets	<u>1,639,188</u>	<u>-</u>	<u>6,889,412</u>
Total liabilities and net assets	<u>\$ 2,499,012</u>	<u>\$ (958,533)</u>	<u>\$ 18,645,472</u>

American Indian Model Schools
Combining Statement of Activities
Year Ended June 30, 2022

	Central Office	AIPCS	AIPCS II	AIPHS	Elimination	Total
Support and Revenues						
Local Control Funding Formula	\$ -	\$ 2,415,538	\$ 6,986,464	\$ 5,000,339	\$ -	\$ 14,402,341
Federal revenue	-	472,292	1,566,079	1,176,453	-	3,214,824
Other state revenue	-	412,133	810,432	334,141	-	1,556,706
Local revenues	3,526,527	238,746	260,543	236,886	(3,524,140)	738,562
Interest income	-	-	347	-	-	347
Rental income	-	14,198	38,747	-	-	52,945
Fundraising revenue	-	3,016	3,016	-	-	6,032
Total support and revenues	3,526,527	3,555,923	9,665,628	6,747,819	(3,524,140)	19,971,757
Expenses						
Program services	3,526,527	3,164,019	8,553,294	5,832,258	(3,105,158)	17,970,940
Management and general	-	187,963	675,149	982,710	(418,982)	1,426,840
Fundraising and development	-	-	-	7,357	-	7,357
Total expenses	3,526,527	3,351,982	9,228,443	6,822,325	(3,524,140)	19,405,137
Change in Net Assets	-	203,941	437,185	(74,506)	-	566,620
Net Assets, Beginning of Year	272	1,616,539	2,992,287	1,713,694	-	6,322,792
Net Assets, End of Year	<u>\$ 272</u>	<u>\$ 1,820,480</u>	<u>\$ 3,429,472</u>	<u>\$ 1,639,188</u>	<u>\$ -</u>	<u>\$ 6,889,412</u>

Note 1 - Purpose of Supplementary Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information 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). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The Organization does not draw for indirect administrative expenses and has not elected to use the ten percent de minimus cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the Organization had no food commodities in inventory.

Local Education Agency Organization Structure

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization's. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code Section 47612.5*.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Combining Statement of Financial Position and Combining Statement of Activities

The combining statement of financial position and combining statement of activities are included to provide information regarding the individual programs of the charter schools within the Organization and are presented on the accrual basis of accounting. Eliminating entries in the combining statement of financial position and combining statement of activities are for activities between each charter school.

Independent Auditor's Reports
June 30, 2022

American Indian Model Schools

Independent Auditor's 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*

Governing Board
American Indian Model Schools
Oakland, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of American Indian Model Schools (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated _____, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 have not been identified.

Report on Compliance and Other Matters

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

Rancho Cucamonga, California
_____, 2022

Independent Auditor’s Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Governing Board
American Indian Model Schools
Oakland, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited American Indian Model Schools’ (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 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 on compliance for the major federal program. 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 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 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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 Uniform Guidance, 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.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Rancho Cucamonga, California
_____, 2022

**Independent Auditor’s Report on State Compliance; Report on Internal Control Over Compliance
Required by the 2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State
Compliance Report**

Governing Board
American Indian Model Schools
Oakland, California

Report on State Compliance

Unmodified Opinion

We have audited American Indian Model Schools’ (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

In our opinion, the Organization complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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 on state compliance with the compliance requirements subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 compliance with the requirements listed in the table below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed below has 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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 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 *2021-2022 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.

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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 compliance requirements as identified in the table below 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.

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	No, see below
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes

	<u>Procedures Performed</u>
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	No, see below

Programs listed above for “Local Education Agencies Other Than Charter Schools” are not applicable to charter schools; therefore, we did not perform any related procedures.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

The Organization does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The Organization does not offer an Independent Study-Course Based Program; therefore, we did not perform any procedures related to the Independent Study-Course Based Program.

The Organization’s charter schools were not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

We did not perform Career Technical Education Incentive Grant procedures because the Organization did not receive funding for this grant.

ADA was below the threshold required for testing; therefore, we did not perform any procedures related to Determination of Funding for Nonclassroom-Based Instruction.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

The purpose of this report on internal control over state compliance is solely to describe the scope of our testing of internal control over state compliance and the results of that testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Rancho Cucamonga, California
_____, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

American Indian Model Schools

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19 Education Stabilization Fund	84.425D, 84.425U
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance for programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.