



Financial Statements
June 30, 2023

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 Audit of 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, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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 (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.

Adoption of New Accounting Standard

As discussed in Note 5 to the financial statements, the Organization has adopted the provisions of FASB Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022 using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

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 18-28 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 February 16, 2024, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
February 16, 2024

American Indian Model Schools
Statement of Financial Position
June 30, 2023

Assets	
Current assets	
Cash	\$ 12,438,107
Receivables	4,828,656
Prepaid expenses	<u>23,171</u>
Total current assets	<u>17,289,934</u>
Noncurrent assets	
Security deposit	36,792
Property and equipment	7,693,864
Operating lease right-of-use asset	<u>104,889</u>
Total noncurrent assets	<u>7,835,545</u>
Total assets	<u><u>\$ 25,125,479</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 917,416
Accrued liabilities	332,621
Accrued compensated absences	203,989
Refundable advance	5,226,933
Current portion of notes payable	233,000
Current portion of operating lease liability	<u>52,472</u>
Total current liabilities	<u>6,966,431</u>
Long-term liabilities	
Notes payable, less current portion	8,307,140
Operating lease liability, less current portion	<u>51,563</u>
Total long-term liabilities	<u>8,358,703</u>
Total liabilities	<u>15,325,134</u>
Net Assets	
Without donor restrictions	9,318,048
With donor restrictions	<u>482,297</u>
Total net assets	<u>9,800,345</u>
Total liabilities and net assets	<u><u>\$ 25,125,479</u></u>

American Indian Model Schools
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Local Control Funding Formula	\$ 15,702,559	\$ -	\$ 15,702,559
Federal revenue	1,856,889	-	1,856,889
Other state revenue	2,359,762	411,882	2,771,644
Local revenues	2,105,543	70,415	2,175,958
Rental income	87,439	-	87,439
Net assets released from restrictions	1,185,546	(1,185,546)	-
Total support and revenues	<u>23,297,738</u>	<u>(703,249)</u>	<u>22,594,489</u>
Expenses			
Program services	17,723,825	-	17,723,825
Management and general	1,936,188	-	1,936,188
Fundraising and development	23,543	-	23,543
Total expenses	<u>19,683,556</u>	<u>-</u>	<u>19,683,556</u>
Change in Net Assets	3,614,182	(703,249)	2,910,933
Net Assets, Beginning of Year	<u>5,703,866</u>	<u>1,185,546</u>	<u>6,889,412</u>
Net Assets, End of Year	<u>\$ 9,318,048</u>	<u>\$ 482,297</u>	<u>\$ 9,800,345</u>

American Indian Model Schools
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries	\$ 7,406,820	\$ 830,797	\$ -	\$ 8,237,617
Employee benefits	1,544,669	141,130	-	1,685,799
Payroll taxes	663,655	79,453	-	743,108
Fees for services	2,572,067	107,220	-	2,679,287
Advertising and promotions	32,752	1,539	-	34,291
Office expenses	1,003,779	133,300	-	1,137,079
Information technology	254,469	12,849	-	267,318
Occupancy	337,265	63,484	-	400,749
Conferences and meeting	233,128	8,656	-	241,784
Interest	543	427,998	-	428,541
Depreciation	344,926	33,179	-	378,105
Insurance	139,158	15,677	-	154,835
Other expenses	134,212	7,323	23,543	165,078
Special education	986,568	13,433	-	1,000,001
Instructional materials	1,384,398	39,767	-	1,424,165
Nutrition	550,304	-	-	550,304
District oversight fees	135,112	20,383	-	155,495
	<u>\$ 17,723,825</u>	<u>\$ 1,936,188</u>	<u>\$ 23,543</u>	<u>\$ 19,683,556</u>

American Indian Model Schools
Statement of Cash Flows
Year Ended June 30, 2023

Operating Activities	
Change in net assets	\$ 2,910,933
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation expense	378,105
Changes in operating assets and liabilities	
Receivables	269,074
Prepaid expenses	109,486
Accounts payable	(222,644)
Accrued liabilities	192,840
Refundable advance	3,758,731
Operating lease assets and liabilities	<u>(42,050)</u>
Net Cash from Operating Activities	<u>7,354,475</u>
Investing Activities	
Purchases of property and equipment	<u>(90,711)</u>
Financing Activities	
Principal payments on notes	<u>(222,692)</u>
Net Change in Cash	7,041,072
Cash, Beginning of Year	<u>5,397,035</u>
Cash, End of Year	<u><u>\$ 12,438,107</u></u>
Supplemental Cash Flow Disclosure	
Cash paid during the year in interest	<u><u>\$ 428,183</u></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 194 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 634 students in grades kindergarten through eighth
Charter school was renewed by OUSD through June 30, 2025

American Indian Public High School (AIPHS)

Charter school number authorized by the State: 0765
Currently serves 375 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.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2023, the Organization had approximately \$11,472,122, in excess of FDIC-insured limits.

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, 2023 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, 2023.

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. At June 30, 2023 conditional contributions approximating \$4,924,463, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at \$10,000 of qualified wages through December 31, 2020. During the year ended June 30, 2023, the Organization recorded a \$1,848,598 benefit related to the credit which is presented in the statement of activities as local revenue.

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, 2023.

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.

Change in Accounting Principle

Effective July 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The Organization elected to apply the guidance as of July 1, 2022, the beginning of the adoption period. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization has elected the package of practical expedients permitted in Topic 842. Accordingly, the Organization accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under Topic 842, (b) whether classification of the operating lease would be different in accordance with Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022, the beginning of the adoption period, a cumulative effect adjustment to net assets of \$(1,986), an operating lease liability of \$134,986, and an operating right-of-use asset of \$136,972. The adoption of the new standard did not materially impact the Organization’s statement of activities or statement of cash flows. See Note 5 for further disclosure of the Organization’s lease contracts.

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	\$ 12,438,107
Receivables	4,828,656
	17,266,763
Financial assets at year end	
	17,266,763
Less those available for general expenditure within one year due to Restrictions by donor with time restrictions	(482,297)
	(482,297)
Financial assets available to meet cash needs for general expenditure within one year	\$ 16,784,466
	\$ 16,784,466

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, 2023:

Land	\$ 2,451,271
Building improvements	2,813,732
Building	5,719,632
Computer and equipment	194,218
	11,178,853
Less accumulated depreciation	(3,484,989)
	(3,484,989)
Total	\$ 7,693,864

Note 4 - Notes Payable

Notes payable consist of the following at June 30, 2023:

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.

\$ 8,540,140

Future maturities of notes payable are as follows:

Year Ending June 30,	Principal
2024	\$ 233,000
2025	244,268
2026	256,556
2027	267,452
2028	282,680
Thereafter	7,256,184
Total	\$ 8,540,140

Note 5 - Leases

The Organization leases certain real property for the operations of the charter school and equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2028. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options reasonably certain to be exercised. The Organization's operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization elected the practical expedient to not separate lease and non-lease components for real property and equipment leases.

Total lease costs for the year ended June 30, 2023 were as follows:

Operating lease cost	\$	61,493
Short-term lease cost		135,525

The following table summarizes the supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	\$		60,362
Right-of-use assets obtained in exchange for lease liabilities			
Operating leases	\$		24,364

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

Weighted-average remaining lease term:	
Operating leases	3.90 Years
Weighted-average discount rate:	
Operating leases	4.00%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2023:

		<u>June 30, 2023</u>
		<u>Operating</u>
2024	\$	55,529
2025		29,754
2026		17,230
2027		5,367
2028		<u>1,342</u>
Total lease payments		109,222
Less interest		<u>(5,187)</u>
Present value of lease liabilities	\$	<u><u>104,035</u></u>

Note 6 - Net Assets

Net assets consist of the following at June 30, 2023:

Net Assets Without Donor Restrictions	
Designated for College Readiness	\$ 6,553
Designated for Scholarship Funds	659,666
Designated for Oakland Education Fund Grant	4,328
Designated for San Francisco 49ers Grant	5,000
Designated for State Programs	180,779
Undesignated net assets	<u>8,461,722</u>
Total net assets without donor restrictions	<u><u>\$ 9,318,048</u></u>
Net Assets with Donor Restrictions	
Subject to expenditure for specified purpose	
Measure G1	\$ 70,415
After School Education and Safety	97,331
Cal Shape Grant	34,778
Classified Employee Teacher Credential	111,381
Kitchen Infrastructure Grant	168,261
SB 117 COVID-19 LEA Response Funds	<u>131</u>
	<u><u>\$ 482,297</u></u>
Satisfaction of purpose restrictions	
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>
Total nets assets released from donor restrictions	<u><u>\$ 1,185,546</u></u>

Note 7 - 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, 2021, 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, 2023, 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%	8.00%
Required employer contribution rate	25.37%	25.37%

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, 2023, are presented above and the total Organization's contributions were \$899,842.

Note 8 - 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.

The Organization's credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2027. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

Note 9 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through February 16, 2024, 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, 2023

American Indian Model Schools

American Indian Model Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Special Education Cluster			
American Rescue Plan (ARP) Part B, Sec. 611			
Local Assistance Entitlement	84.027	15638	<u>\$ 193,640</u>
Passed through California Department of Education (CDE)			
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	\$ 47,672
COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	127,966
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER II State Reserves	84.425D	15618	60,255
COVID-19 - Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	5,393
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	334,197
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	<u>74,091</u>
Subtotal			<u>649,574</u>
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	400,487
Title II, Part A, Supporting Effective Instruction	84.367	14341	18,488
Title III, English Learner Student Program	84.365	14346	49,377
Title III, Immigrant Student Program	84.365	15146	1,341
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	17,396
State Charter School Facilities Incentive Grant Program	84.282D	[1]	<u>9,245</u>
Subtotal			<u>496,334</u>
Total U.S. Department of Education			<u>1,145,908</u>
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	<u>58,952</u>
National School Lunch Program	10.555	13524	396,120
Meal Supplement	10.555	13396	24,039
Summer Food Service Program	10.559	13004	2,396
Supply Chain Assistance for School Meals	10.555	15655	<u>35,834</u>
Subtotal			<u>458,389</u>
Total Child Nutrition Cluster			<u>517,341</u>
Total Federal Financial Assistance			<u>\$ 1,856,889</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, 2023

AIPCS

	Second Period Report	Annual Report
Regular ADA		
Sixth	61.05	59.96
Seventh and eighth	144.65	145.58
Total regular ADA	205.70	205.54
Classroom based ADA		
Sixth	61.05	59.96
Seventh and eighth	144.65	145.58
Total classroom based ADA	205.70	205.54

AIPCS II

	Second Period Report	Annual Report
Regular ADA		
Kindergarten through third	249.67	253.73
Fourth through sixth	207.03	210.91
Seventh and eighth	134.83	133.99
Total regular ADA	591.53	598.63
Classroom based ADA		
Kindergarten through third	249.67	253.73
Fourth through sixth	207.03	210.91
Seventh and eighth	134.83	133.99
Total classroom based ADA	591.53	598.63

AIPHS

	Second Period Report	Annual Report
Regular ADA		
Ninth through twelfth	400.22	393.12
Total regular ADA	400.22	393.12
Classroom based ADA		
Ninth through twelfth	400.22	393.12
Total classroom based ADA	400.22	393.12

American Indian Model Schools
 Schedule of Instructional Time
 Year Ended June 30, 2023

AIPCS

Grade Level	1986-1987 Minutes Requirement	2022-2023 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		63,940	-	63,940	182	-	-	182	Complied
Grade 7		63,940	-	63,940	182	-	-	182	Complied
Grade 8		63,940	-	63,940	182	-	-	182	Complied

AIPCS II

Grade Level	1986-1987 Minutes Requirement	2022-2023 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	55,980	-	55,980	182	-	-	182	Complied
Grades 1 - 3	50,400								
Grade 1		57,000	-	57,000	182	-	-	182	Complied
Grade 2		57,000	-	57,000	182	-	-	182	Complied
Grade 3		57,000	-	57,000	182	-	-	182	Complied
Grades 4 - 6	54,000								
Grade 4		57,000	-	57,000	182	-	-	182	Complied
Grade 5		57,000	-	57,000	182	-	-	182	Complied
Grade 6		63,940	-	63,940	182	-	-	182	Complied
Grades 7 - 8	54,000								
Grade 7		63,940	-	63,940	182	-	-	182	Complied
Grade 8		63,940	-	63,940	182	-	-	182	Complied

1 American Indian Model Schools
 Schedule of Instructional Time
 Year Ended June 30, 2023

AIPHS

Grade Level	1986-1987 Minutes Requirement	2022-2023 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		65,080	-	65,080	182	-	-	182	Complied
Grade 10		65,080	-	65,080	182	-	-	182	Complied
Grade 11		65,080	-	65,080	182	-	-	182	Complied
Grade 12		65,080	-	65,080	182	-	-	182	Complied

American Indian Model Schools
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2023

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, 2023, Unaudited Actuals	\$ 2,051,549	\$ 5,168,278	\$ 2,558,262
Decrease in			
Operating lease liability	168	168	168
Increase in			
Property and equipment, net	(14,945)	(40,413)	(27,145)
Operating lease right-of-use asset	22,198	49,190	33,501
Balance, June 30, 2023, Audited Financial Statements	\$ 2,058,970	\$ 5,177,223	\$ 2,564,786

American Indian Model Schools
Combining Statement of Financial Position
June 30, 2023

	Central Office	AIPCS	AIPCS II
Assets			
Current assets			
Cash	\$ 10,750,278	\$ 659,666	\$ 1,028,163
Receivables	-	902,593	2,458,466
Intra-entity receivable	-	1,106,029	6,086,132
Prepaid expenses	1,475	1,013	2,786
Total current assets	<u>10,751,753</u>	<u>2,669,301</u>	<u>9,575,547</u>
Noncurrent assets			
Security deposit	-	2,500	27,250
Property and equipment	-	120,467	7,562,077
Operating lease right-of-use asset	-	22,198	49,190
Total noncurrent assets	<u>-</u>	<u>145,165</u>	<u>7,638,517</u>
Total assets	<u>\$ 10,751,753</u>	<u>\$ 2,814,466</u>	<u>\$ 17,214,064</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 800,615	\$ -	\$ 116,801
Accrued liabilities	332,621	-	-
Accrued compensated absences	-	33,965	109,015
Refundable advance	-	699,625	3,222,003
Intra-entity payable	9,619,151	-	-
Current portion of notes payable	-	-	233,000
Current portion of operating lease liability	-	12,746	24,117
Total current liabilities	<u>10,752,387</u>	<u>746,336</u>	<u>3,704,936</u>
Long-term liabilities			
Notes payable, less current portion	-	-	8,307,140
Operating lease liability, less current portion	-	9,160	24,765
Total long-term liabilities	<u>-</u>	<u>9,160</u>	<u>8,331,905</u>
Total liabilities	<u>10,752,387</u>	<u>755,496</u>	<u>12,036,841</u>
Net Assets			
Without donor restrictions	(634)	2,021,880	4,741,241
With donor restrictions	-	37,090	435,982
Total net assets	<u>(634)</u>	<u>2,058,970</u>	<u>5,177,223</u>
Total liabilities and net assets	<u>\$ 10,751,753</u>	<u>\$ 2,814,466</u>	<u>\$ 17,214,064</u>

American Indian Model Schools
Combining Statement of Financial Position
June 30, 2023

	<u>AIPHS</u>	<u>Elimination</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ -	\$ -	\$ 12,438,107
Receivables	1,467,597	-	4,828,656
Intra-entity receivable	2,426,990	(9,619,151)	-
Prepaid expenses	17,897	-	23,171
	<u>3,912,484</u>	<u>(9,619,151)</u>	<u>17,289,934</u>
Total current assets			
Noncurrent assets			
Security deposit	7,042	-	36,792
Property and equipment, net	11,320	-	7,693,864
Operating lease right-of-use asset	33,501	-	104,889
	<u>51,863</u>	<u>-</u>	<u>7,835,545</u>
Total noncurrent assets			
Total assets			
	<u>\$ 3,964,347</u>	<u>\$ (9,619,151)</u>	<u>\$ 25,125,479</u>
Liabilities			
Current liabilities			
Accounts payable	\$ -	\$ -	\$ 917,416
Accrued liabilities	-	-	332,621
Accrued compensated absences	61,009	-	203,989
Refundable advance	1,305,305	-	5,226,933
Intra-entity payable	-	(9,619,151)	-
Current portion of notes payable	-	-	233,000
Current portion of operating lease liability	15,609	-	52,472
	<u>1,381,923</u>	<u>(9,619,151)</u>	<u>6,966,431</u>
Total current liabilities			
Long-term liabilities			
Notes payable, less current portion	-	-	8,307,140
Operating lease liability, less current portion	17,638	-	51,563
	<u>17,638</u>	<u>-</u>	<u>8,358,703</u>
Total long-term liabilities			
Total liabilities			
	<u>1,399,561</u>	<u>(9,619,151)</u>	<u>15,325,134</u>
Net Assets			
Without donor restrictions	2,555,561	-	9,318,048
With donor restrictions	9,225	-	482,297
	<u>2,564,786</u>	<u>-</u>	<u>9,800,345</u>
Total net assets			
Total liabilities and net assets			
	<u>\$ 3,964,347</u>	<u>\$ (9,619,151)</u>	<u>\$ 25,125,479</u>

American Indian Model Schools
Combining Statement of Activities
Year Ended June 30, 2023

	Central Office	AIPCS	AIPCS II
Support and Revenues			
Local Control Funding Formula	\$ -	\$ 2,508,293	\$ 7,451,868
Federal revenue	-	274,873	1,062,852
Other state revenue	-	538,981	1,497,059
Local revenues	4,121,648	464,223	1,102,908
Rental income	-	23,414	64,025
	<u>4,121,648</u>	<u>3,809,784</u>	<u>11,178,712</u>
Total support and revenues			
Expenses			
Program services	4,122,554	3,171,045	8,523,686
Management and general	-	399,841	905,850
Fundraising and development	-	408	1,425
	<u>4,122,554</u>	<u>3,571,294</u>	<u>9,430,961</u>
Total expenses			
Change in Net Assets	(906)	238,490	1,747,751
Net Assets, Beginning of Year	<u>272</u>	<u>1,820,480</u>	<u>3,429,472</u>
Net Assets, End of Year	<u>\$ (634)</u>	<u>\$ 2,058,970</u>	<u>\$ 5,177,223</u>

American Indian Model Schools
Combining Statement of Activities
Year Ended June 30, 2023

	<u>AIPHS</u>	<u>Elimination</u>	<u>Total</u>
Support and Revenues			
Local Control Funding Formula	\$ 5,742,398	\$ -	\$ 15,702,559
Federal revenue	519,164	-	1,856,889
Other state revenue	735,604	-	2,771,644
Local revenues	604,185	(4,117,006)	2,175,958
Rental income	-	-	87,439
	<u>7,601,351</u>	<u>(4,117,006)</u>	<u>22,594,489</u>
Total support and revenues			
Expenses			
Program services	5,485,367	(3,578,827)	17,723,825
Management and general	1,168,676	(538,179)	1,936,188
Fundraising and development	21,710	-	23,543
	<u>6,675,753</u>	<u>(4,117,006)</u>	<u>19,683,556</u>
Total expenses			
Change in Net Assets	925,598	-	2,910,933
Net Assets, Beginning of Year	<u>1,639,188</u>	<u>-</u>	<u>6,889,412</u>
Net Assets, End of Year	<u>\$ 2,564,786</u>	<u>\$ -</u>	<u>\$ 9,800,345</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, 2023. 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, 2023, 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.

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, 2023

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, 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 and have issued our report thereon dated February 16, 2024.

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 were not 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
February 16, 2024



Independent Auditor’s Report on Compliance for the Major Federal Program; Report 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, 2023. 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, 2023.

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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name and address.

Rancho Cucamonga, California
February 16, 2024



Independent Auditor's Report on State Compliance

Governing Board
American Indian Model Schools
Oakland, California

Report on Compliance

Opinion on State Compliance

We have audited American Indian Model Schools' (the Organization) compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the Organization's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 *2022-2023 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 of the state programs as a whole.

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

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

2022-2023 K-12 Audit Guide Procedures	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

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
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
Home to School Transportation Reimbursement	No, see below
Independent Study Certification for ADA Loss Mitigation	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	Yes, see below
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	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
Transitional Kindergarten	No, see below
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
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 Organization did not receive funding for this program.

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.

The Organization does not offer a transitional kindergarten program; therefore, we did not perform any procedures related to the transitional kindergarten program.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study because the Organization was not classified as nonclassroom-based and does not offer an Independent Study program.

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.

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
February 16, 2024



Schedule of Findings and Questioned Costs
June 30, 2023

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:

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
COVID-19 Education Stabilization Fund	84.425C, 84.425D & 84.425U
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

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.