

**INLAND LEADERS CHARTER SCHOOLS  
CHARTER SCHOOL NUMBER: 0889**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Inland Leaders Charter Schools  
Yucaipa, California

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Inland Leaders Charter Schools (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying supplementary schedules, as identified in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

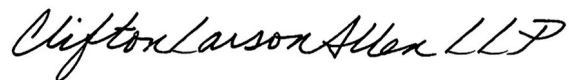
**Other Information**

Management is responsible for the information included in the annual report. The other information comprises the local education agency organization structure but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed. We conclude that an uncorrected material misstatement or the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated November 18, 2024 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, California  
November 18, 2024

**INLAND LEADERS CHARTER SCHOOLS  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2024**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 16,005,095
Investments	2,325,235
Accounts Receivable - Federal and State	3,049,648
Accounts Receivable - Other	3,000
Prepaid Expenses and Other Assets	394,574
Total Current Assets	<u>21,777,552</u>

**LONG-TERM ASSETS**

Property, Plant, and Equipment, Net	527,604
Operating Right-of-use Assets, Net	15,061
Investments - Long Term	791,319
Total Long-Term Assets	<u>1,333,984</u>

Total Assets	<u>\$ 23,111,536</u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Liabilities	\$ 1,027,867
Deferred Revenue	1,262,260
Operating Lease Liabilities, Current	5,296
Total Current Liabilities	<u>2,295,423</u>

**LONG-TERM LIABILITIES**

Lease Liabilities, Non-current	6,016
Total Long-Term Liabilities	<u>6,016</u>

Total Liabilities	2,301,439
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**NET ASSETS**

Without Donor Restriction	20,598,009
With Donor Restriction	212,088
Total Net Assets	<u>20,810,097</u>

Total Liabilities and Net Assets	<u>\$ 23,111,536</u>
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See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>REVENUES</b>			
State Revenue:			
State Aid	\$ 9,396,831	\$ -	\$ 9,396,831
Other State Revenue	2,551,131	212,088	2,763,219
Federal Revenue:			
Grants and Entitlements	412,793	-	412,793
Local Revenue:			
In-Lieu Property Tax Revenue	1,528,016	-	1,528,016
Contributions	91,250	-	91,250
Investment Income	399,799	-	399,799
Other Revenue	175,395	-	175,395
Net Assets Released from Restrictions	176,251	(176,251)	-
Total Revenues	<u>14,731,466</u>	<u>35,837</u>	<u>14,767,303</u>
<b>EXPENSES</b>			
Program Services	10,422,147	-	10,422,147
Management and General	1,417,980	-	1,417,980
Fundraising	8,933	-	8,933
Total Expenses	<u>11,849,060</u>	<u>-</u>	<u>11,849,060</u>
<b>CHANGE IN NET ASSETS</b>	2,882,406	35,837	2,918,243
Net Assets - Beginning of Year	<u>17,715,603</u>	<u>176,251</u>	<u>17,891,854</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 20,598,009</u>	<u>\$ 212,088</u>	<u>\$ 20,810,097</u>

See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 6,293,490	\$ 899,506	\$ -	\$ 7,192,996
Pension Expense	966,070	39,945	-	1,006,015
Other Employee Benefits	558,727	87,898	-	646,625
Payroll Taxes	162,791	55,520	-	218,311
Management Fees	102,126	7,100	-	109,226
Legal Expenses	-	7,610	-	7,610
Accounting Expenses	-	27,819	-	27,819
Instructional Materials	253,822	-	-	253,822
Other Fees for Services	268,260	127,215	-	395,475
Advertising and Promotion Expenses	-	2,331	-	2,331
Office Expenses	32,947	40,258	-	73,205
Information Technology Expenses	99,312	-	-	99,312
Occupancy Expenses	1,004,895	75,081	-	1,074,754
Travel Expenses	14,965	-	-	14,965
Conference and Meeting Expenses	22,541	-	-	22,541
Depreciation Expense	54,754	3,806	-	58,560
Insurance Expense	48,056	3,341	-	51,397
Student Food Expense	151,415	-	-	151,415
Other Expenses	387,976	40,550	8,933	442,681
Total Functional Expenses	<u>\$ 10,422,147</u>	<u>\$ 1,417,980</u>	<u>\$ 8,933</u>	<u>\$ 11,849,060</u>

See accompanying Notes to Financial Statements.



**INLAND LEADERS CHARTER SCHOOLS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 2,918,243
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	58,560
Unrealized (Gain)/Loss on Investments	(323,826)
Change in Operating Assets:	
Accounts Receivable - Federal and State	410,587
Accounts Receivable - Other	(1,697)
Prepaid Expenses and Other Assets	(106,192)
Operating Right-of-use Assets, Net	(2,841)
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	(487,050)
Deferred Revenue	(262,794)
Operating Lease Liabilities	(908)
Net Cash Provided by Operating Activities	2,202,082

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Property, Plant, and Equipment	(140,152)
Proceeds from Redemption of CDs	1,352,000
Proceeds from Sale of Investments	1,253,154
Purchase of Investments	(2,486,879)
Net Cash Used by Investing Activities	(21,877)

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

2,180,205

Cash and Cash Equivalents - Beginning of Year

13,824,890

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 16,005,095

See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The School is a nonprofit benefit corporation under the laws of the state of California for the purpose of managing and operating public charter schools located in Yucaipa. The School is economically dependent on state and federal funding.

The School commenced operations in the 2007-2008 school year and currently serves approximately 1,000 students in kindergarten through grade 8.

The mission of the School is to provide a state standards aligned curriculum aimed to serve a population of students who were formerly served primarily through home school and private schools, in a small site-based environment using a creative schedule, with an emphasis on family and student leadership training.

The School may be revoked by the Yucaipa-Calimesa Joint Unified School District for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

**Cash and Cash Equivalents**

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

**Basis of Accounting**

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

**Functional Allocation of Expenses**

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Asset Classes**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Accounts Receivable**

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2024. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

**Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost, if purchased or at estimated fair value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

**Property Taxes**

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

**Investments**

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statement of activities if they are material.

**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

Accumulated unpaid employee vacation benefits are recognized as a liability of the School. Employees of the School are paid for days or hours worked based upon board approved schedules which include vacation.

**Revenue Recognition**

Amounts received from the California Department of Education are conditional and recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

**Contributions**

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**Conditional Grants**

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024, the School has conditional grants of \$1,322,142 of which \$1,262,260 that are recognized as deferred revenue in the statement of financial position because conditions have not yet been met.

**Income Taxes**

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School files an exempt organization return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

The School leases equipment and facilities. The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statement of financial position. Finance leases are included in financing ROU assets, and lease liabilities – financing on the statement of financial position.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

As most of leases do not provide an implicit rate, the School uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as if the School has obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

**Evaluation of Subsequent Events**

The School has evaluated subsequent events through November 18, 2024, the date these financial statements were available to be issued.

**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CONCENTRATION OF CREDIT RISK**

The School maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**NOTE 3 PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment in the accompanying financial statements is presented net of accumulated depreciation. The School capitalizes all expenditures for land, buildings, and leasehold improvements over \$30,000 and for equipment in excess of \$10,000. Depreciation expense was \$58,560 for the year ended June 30, 2024. The components of property, plant, and equipment as of June 30, 2024 are as follows:

Land	\$ 289,295
Construction in Progress	25,000
Leasehold Improvements	512,386
Equipment, Furniture, and Fixtures	39,817
Total	866,498
Less: Accumulated Depreciation	(338,894)
Total Property, Plant, and Equipment	\$ 527,604

**NOTE 4 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures are comprised of the following as of June 30, 2024:

Cash and Cash Equivalents	\$ 16,005,095
Investments	2,325,235
Accounts Receivable - Federal and State	3,049,648
Accounts Receivable - Other	3,000
Less: Net Assets With Donor Restrictions	(212,088)
Financial Assets Available for General Expenditure	\$ 21,170,890

As part of the School's liquidity management plan, the school invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 INVESTMENTS**

The School reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, the School develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the School's assessment of the quality, risk, or liquidity profile of the asset or liability

Investments at June 30, 2024, are stated at fair market value and consist of the following:

Fixed Income (Level 1)	\$ 3,116,554
Total	<u>\$ 3,116,554</u>

Investment activity for the year ended June 30, 2024, consisted of the following:

Interest and Dividends	\$ 75,973
Unrealized Loss on Investment	323,826
Total Investment Income	<u>\$ 399,799</u>

**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 EMPLOYEE RETIREMENT**

**Multiemployer Defined Benefit Pension Plans**

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

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

**State Teachers' Retirement System (STRS)**

Plan Description

The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2023, total STRS plan net assets are \$316.9 billion, the total actuarial present value of accumulated plan benefits is \$455 billion, contributions from all employers totaled \$7.738 billion, and the plan is 75.9% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and [www.calstrs.com](http://www.calstrs.com).

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for the year ended June 30, 2024 was 19.10% of annual payroll. The contributions of the plan members are established and may be amended by state statute.

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

<u>Year Ending June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2022	\$ 768,114	100%
2023	915,316	100%
2024	1,006,015	100%



**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 LEASES – ASC 842**

The School leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2027. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements generally require the School to pay real estate taxes, insurance, and repairs.

The following table provides quantitative information concerning the School's lease for the year ended June 30, 2024:

	<u>2024</u>
Lease Costs	
Operating Lease Costs	<u>\$ 5,257</u>
Total Lease Costs	<u>\$ 5,257</u>
Other Information:	
Operating Cash Flows from Operating Leases	\$ 3,972
Right-Of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 19,449
Weighted-Average Remaining Lease Term - Operating Leases	2.2 Year
Weighted-Average Discount Rate - Operating	4.50%

The School classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2025	\$ 5,296
2026	5,296
2027	883
Total Lease Payments	<u>11,475</u>
Less: Interest	<u>(163)</u>
Present Value of Lease Liabilities	<u>\$ 11,312</u>

**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

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

Net Assets With Donor Restriction:

Subject to Expenditure for Specified Purpose:	
Child Nutrition Program	212,088
Total Net Assets With Donor Restriction	\$ 212,088

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

Release of Restrictions:

Subject to Specific Purpose	\$ 176,251
Total Release of Restrictions	\$ 176,251

**NOTE 9 FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function(s). Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes which were allocated on the basis of estimates of time and effort. Additionally, management fees, office expenses, information technology, depreciation, occupancy, insurance and other expenses, were allocated on a square footage basis.

**NOTE 10 FACILITY AGREEMENTS**

The School has entered into a facility use agreement with Yucaipa-Calimesa Joint Unified School District (the District) that expires in June of 2025. The agreement does not require the School a minimum lease amount for the use of the facility, but instead the School pays the District a percentage of its principal apportionment revenue which represents its oversight fee and the use of the facility. The total paid under this agreement for the year ended June 30, 2024 was \$251,219.

The School has entered into an agreement with Grace Point Fellowship Church (the Church) in January 2023 that expires in June of 2028. The agreement does not require the School a minimum lease amount for the use of the facility, but instead the School pays the Church a percentage of its principal apportionment revenue adjusted based on enrollment actuals. The total paid under this agreement for the year ended June 30, 2024 was \$184,696.

**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 11 CONTINGENCIES, RISKS, AND UNCERTAINTIES**

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

## **SUPPLEMENTARY INFORMATION**

**INLAND LEADERS CHARTER SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Instructional Minutes		Traditional Calendar Days	Status
	Requirement	Actual		
T-Kindergarten	36,000	37,590	179	In Compliance
Kindergarten	36,000	48,330	179	In Compliance
Grade 1	50,400	57,280	179	In Compliance
Grade 2	50,400	57,280	179	In Compliance
Grade 3	50,400	54,595	179	In Compliance
Grade 4	54,000	56,385	179	In Compliance
Grade 5	54,000	56,385	179	In Compliance
Grade 6	54,000	56,385	179	In Compliance
Grade 7	54,000	56,385	179	In Compliance
Grade 8	54,000	56,385	179	In Compliance

*See accompanying Notes to Supplementary Information*

**INLAND LEADERS CHARTER SCHOOLS  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
YEAR ENDED JUNE 30, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Second Period Report			Annual Report		
	Classroom	Independent	Total	Classroom	Independent	Total
	Based	Study		Based	Study	
Grades TK/K-3	419.01	25.07	444.08	416.97	25.74	442.71
Grades 4-6	301.51	15.53	317.04	301.37	16.08	317.45
Grades 7-8	193.28	11.39	204.67	192.61	12.68	205.29
ADA Totals	913.80	51.99	965.79	910.95	54.50	965.45

See accompanying Notes to Supplementary Information

**INLAND LEADERS CHARTER SCHOOLS  
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

There were no differences between the Annual Financial Report and the Audited Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2024**

**PURPOSE OF SCHEDULES**

**NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME**

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

**NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE**

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

**NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS**

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.



## **OTHER INFORMATION**

**INLAND LEADERS CHARTER SCHOOLS  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2024  
 (SEE INDEPENDENT AUDITORS' REPORT)**

The School established Inland Leaders Charter Schools in August 2007, when it was granted its charter through Yucaipa-Calimesa Joint Unified School District (the District) and its charter school status from the California Department of Education. The charters may be revoked by the District for material violations of the charter, failure to meet or make progress toward student outcomes, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

The charter school number is: 0889

The Board of Directors and the Administrators as of the year ended June 30, 2024 were as follows:

**BOARD OF DIRECTORS**

Member	Office	Term Expires (4 year term)
Jason Jimenez	Chairman	January 1, 2025
Bonnie Mitchell	Secretary	June 30, 2025
Michael Casavan	Treasurer	June 30, 2027
Jacob Rosario	Member	June 30, 2026
Eli Gillespie	Member	January 1, 2025

**ADMINISTRATORS**

Michael Gordon	Executive Director
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Inland Leaders Charter Schools  
Yucaipa, 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 Inland Leaders Charter Schools (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows, and for the year then ended, the related notes to the financial statements, and have issued our report thereon dated November 18, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

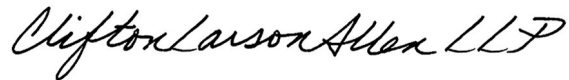
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Glendora, California  
November 18, 2024



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE

Board of Directors  
Inland Leaders Charter Schools  
Yucaipa, California

### **Report on Compliance**

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

We have audited Inland Leaders Charter Schools' (the School) compliance with the types of compliance requirements applicable to the School described in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2024. The School's applicable State compliance requirements are identified in the table below.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that are applicable to the School for the year ended June 30, 2024.

#### **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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and *2023-2024 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 School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

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

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

### **Auditors' Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *2023-2024 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 School's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2023-2024 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Compliance Requirements Tested**

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not Applicable <sup>1</sup>
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable <sup>2</sup>
Immunizations	Not Applicable <sup>3</sup>
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable <sup>4</sup>
Career Technical Education Incentive Grant (CTEIG)	Not Applicable <sup>5</sup>
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable <sup>6</sup>
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable <sup>7</sup>

Not Applicable<sup>1</sup>: The School did not operate an after or before school program component of this grant.

Not Applicable<sup>2</sup>: The School did not report ADA pursuant to Education Code section 51749.5.

Not Applicable<sup>3</sup>: The School did not have any charter school subject to audit of immunizations as listed in the California Department of Public Health (CDPH) website as listed in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Not Applicable<sup>4</sup>: The School did not spend Expanded Learning Opportunities Grant (ELO-G) funds in the audit year.

Not Applicable<sup>5</sup>: The School did not receive a CTEIG allocation for the audit year.

Not Applicable<sup>6</sup>: The School did not report more than 20% of its ADA as generated through nonclassroom-based instruction (independent study).

Not Applicable<sup>7</sup>: The School did not receive Charter School Facility Grant Program funding for the year audited.

### **Other Matters**

The results of our audit procedures disclosed instances of noncompliance, which are required to be reported in accordance with *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each state program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the School's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001, to be a significant deficiency.

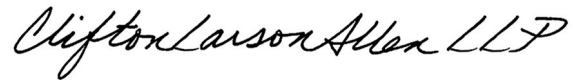
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Schools' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. the Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



Board of Directors  
Inland Leaders Charter Schools

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Glendora, California  
November 18, 2024

**INLAND LEADERS CHARTER SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

***Section II – Consolidated Financial Statement Findings***

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

***State Compliance Finding***

**2024-001      Unduplicated Local Control Funding Formula Pupil Counts      40000**

**Criteria:** Education code section 42238.02 (b)(2) requires a charter school to submit its enrolled free and reduced-price meal eligibility, foster youth and English learner pupil-level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CaLPADS). The CaLPADS 1.17 and 1.18 reports should accurately report the number of students eligible for free and reduced-price meals and those identified as “English Learners.”

**Condition:** During our testing of compliance, we compared students’ family income per Free and Reduced Price Meal (FRPM) eligibility applications to the Income Eligibility Scales for 2023-24, and found 1 student out of 8 students selected for testing, that was inaccurately reported as eligible for free and reduced-price meals. The error was extrapolated to the population and determined a total estimated error of 6 pupils.

**Effect:** The School is not in compliance with Education code section 42238.02 (b)(2). The error identified above was extrapolated to the population of the free and reduced eligible pupils and the 1.17 and 1.18 reports contained errors as follows:

**Charter School Audit Adjustments to CALPADS Data for June 30, 2024**

Original		Updated		Net Change		LCFF Entitlement		
Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Original Entitlement	Revised Entitlement	Adjustment
2,972	892	2,972	886	-	(6)	\$ 610,582	\$ 606,512	\$ (4,070)

**INLAND LEADERS CHARTER SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

**2024-001      Unduplicated Local Control Funding Formula Pupil Counts (Continued) 40000**

**Cause:** The school staff provided meal applications for the student that qualified the students as paid and did not support the free or reduced classification that was submitted to CalPADS..

**Questioned Costs:** The error identified in the condition was extrapolated to the population of free and reduced eligible pupils and resulted in revised entitlement decrease of \$4,070.

**Recommendation:** CLA recommended the School to implement a 2nd control of CALPADS reporting to ensure data input is accurate.

**Repeat Finding:** This is not a repeat finding.

**Management's Corrective Action Plan (Unaudited):** To maintain accurate records of free/reduced lunch applications, the School will implement the following corrective actions to address and reduce data entry errors: (1) Enhanced review by executive director or designee (2) the executive director or an appointed designee will now review the precision of data entered from hard copy applications into the lunch application digital system. This additional review step ensures accuracy before final submission. (3) Assignment of high-level business clerk for data entry, (4) A trained, high-level business clerk will now handle the data entry process, replacing the lower-level clerk previously assigned to this task. This individual's training and experience with specific data input will enhance the overall accuracy and reliability of our records.

**INLAND LEADERS CHARTER SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2024**

There were no findings and questioned costs in the prior year.



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