

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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**INLAND LEADERS CHARTER SCHOOLS
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YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Inland Leaders Charter Schools
Yucaipa, California

Report on the Financial Statements

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, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to on page 1 present fairly, in all material respects, the financial position of the School as of June 30, 2020, 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.

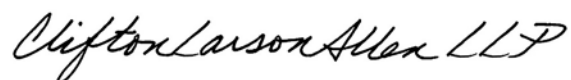
Other Matters

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 are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2020 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 on the School'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 School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
November 12, 2020

**INLAND LEADERS CHARTER SCHOOLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 6,191,732
Investments	1,849,427
Accounts Receivable - Federal and State	1,874,486
Accounts Receivable - Other	5,784
Prepaid Expenses and Other Assets	<u>9,923</u>
Total Current Assets	9,931,352

LONG-TERM ASSETS

Property, Plant, and Equipment, Net	430,298
Investments	<u>1,473,215</u>
Total Long-Term Assets	<u>1,903,513</u>

Total Assets	<u><u>\$ 11,834,865</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	<u>\$ 570,583</u>
Total Current Liabilities	570,583

NET ASSETS

Without Donor Restriction	<u>11,264,282</u>
Total Net Assets	<u>11,264,282</u>

Total Liabilities and Net Assets	<u><u>\$ 11,834,865</u></u>
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See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restriction	With Donor Restriction	Total
REVENUES			
State Revenue:			
State Aid	\$ 7,422,099	\$ -	\$ 7,422,099
Other State Revenue	856,694	-	856,694
Federal Revenue:			
Grants and Entitlements	211,879	-	211,879
Local Revenue:			
In-Lieu Property Tax Revenue	1,274,591	-	1,274,591
Contributions	85,227	-	85,227
Investment Income	85,763	-	85,763
Other Revenue	121,035	-	121,035
Net Assets Released from Restrictions	37,530	(37,530)	-
Total Revenues	10,094,818	(37,530)	10,057,288
EXPENSES			
Program Services	7,447,279	-	7,447,279
Management and General	928,423	-	928,423
Fundraising	13,229	-	13,229
Total Expenses	8,388,931	-	8,388,931
CHANGE IN NET ASSETS	1,705,887	(37,530)	1,668,357
Net Assets, Beginning of Year	9,558,395	37,530	9,595,925
NET ASSETS, END OF YEAR	<u>\$ 11,264,282</u>	<u>\$ -</u>	<u>\$ 11,264,282</u>

See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,668,357
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	45,733
Unrealized Gain on Investments	(17,637)
Change in Operating Assets:	
Accounts Receivable - Federal and State	(198,100)
Accounts Receivable - Other	(5,784)
Prepaid Expenses and Other Assets	46,170
Change in Operating Liabilities:	
Accounts Payable and Accrued Liabilities	392,864
Net Cash Provided by Operating Activities	<u>1,931,603</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property, Plant, and Equipment	(81,819)
Proceeds from Sale of Investments	2,695,398
Purchase of Investments	<u>(3,300,054)</u>
Net Cash Used by Investing Activities	<u>(686,475)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

1,245,128

Cash and Cash Equivalents - Beginning of Year

4,946,604

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 6,191,732

See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and Wages	\$ 4,765,333	\$ 600,163	\$ -	\$ 5,365,496
Pension Expense	684,289	27,360	-	711,649
Other Employee Benefits	577,962	79,466	-	657,428
Payroll Taxes	111,625	35,886	-	147,511
Management Fees	247,856	13,045	-	260,901
Legal Expenses	-	6,148	-	6,148
Accounting Expenses	-	11,540	-	11,540
Instructional Materials	154,465	-	-	154,465
Other Fees for Services	87,974	75,451	-	163,425
Advertising and Promotion Expenses	-	4,105	-	4,105
Office Expenses	33,918	19,285	-	53,203
Information Technology Expenses	90,982	-	-	90,982
Occupancy Expenses	330,790	24,941	-	355,731
Travel Expenses	10,701	-	-	10,701
Conference and Meeting Expenses	11,954	-	-	11,954
Depreciation Expense	43,446	2,287	-	45,733
Insurance Expense	36,287	1,910	-	38,197
Student Food Expense	40,936	-	-	40,936
Other Expenses	218,761	26,836	13,229	258,826
Total Functional Expenses	<u>\$ 7,447,279</u>	<u>\$ 928,423</u>	<u>\$ 13,229</u>	<u>\$ 8,388,931</u>

See accompanying Notes to Financial Statements.

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020**

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.

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 Restrictons	
Subject to Specific Purpose	\$ 37,530
Total Release of Restrictions	<u>\$ 37,530</u>

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2020. 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.

INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt 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, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers* (Topic 606). The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. There was no material impact on the Foundation's financial position and results of operations upon adoption of the new standard.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The School has implemented ASU 2018-08 under the modified prospective approach. There was no material impact on the Organization's financial position and results of operations upon adoption of the new standard.

Evaluation of Subsequent Events

The School has evaluated subsequent events through November 12, 2020, the date these financial statements were available to be issued.

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 \$15,000 and for equipment in excess of \$5,000. Depreciation expense was \$36,660 for the year ended June 30, 2020.

INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

The components of property, plant, and equipment as of June 30, 2020 are as follows:

Land	\$ 289,295
Construction in Progress	17,897
Leasehold Improvements	331,024
Total	<u>638,216</u>
Less: Accumulated Depreciation	(207,918)
Total Property, Plant, and Equipment	<u><u>\$ 430,298</u></u>

NOTE 4 INVESTMENTS

Investments at June 30, 2020, are stated at fair market value and consist of the following:

Fixed Income (Level 1)	\$ 105,049
Certificates of Deposit (Level 2)	3,217,593
Total	<u><u>\$ 3,322,642</u></u>

In accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, Levels 1 through 3 have been assigned to the fair value measurement of investments. The fair value level of measurement is determined as follows:

Level 1 – quoted prices in an active market for identical assets.

Level 2 – quoted prices for similar assets and market-corroborated inputs.

Level 3 – the School's own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

The School's investments are classified as Level 2 in the fair value hierarchy because Certificate Deposits are not traded on the open market.

Investment activity for the year ended June 30, 2020, consisted of the following:

Interest and Dividends	\$ 68,126
Unrealized Gain on Investment	17,637
Total Investment Income	<u><u>\$ 85,763</u></u>

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 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, 2020:

Cash and Cash Equivalents	\$ 6,191,732
Investments	1,849,427
Accounts Receivable - Federal and State	1,874,486
Accounts Receivable - Other	5,784
Financial Assets Available for General Expenditure	<u>\$ 9,921,429</u>

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.

NOTE 6 EMPLOYEE RETIREMENT

Multi-Employer Defined Benefit Pension Plans

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

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer 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 multi-employer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multi-employer 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, 2019, total STRS plan net assets are \$273 billion, the total actuarial present value of accumulated plan benefits is \$392 billion, contributions from all employers totaled \$5.6 billion, and the plan is 66% 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.

INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)

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 Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020-21. The required employer contribution rate for the year ended June 30, 2020 was 17.10% 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>
2018	\$ 518,745	100%
2019	\$ 649,246	100%
2020	\$ 711,649	100%

NOTE 7 OPERATING LEASES

The School leases facilities and equipment under several lease agreements where the last lease expires in July of 2021. Lease expense under these agreements for the year ended June 30, 2020 was \$113,786.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 99,957
2022	85,051
2023	85,368
2024	77,247
2025	67,521
Total	<u>\$ 415,144</u>

NOTE 8 RELATED PARTY TRANSACTIONS

Inland Leaders Foundation is a nonprofit public benefits corporation organized for the specific purpose to raise funds for the benefit of the School and its related activities. For the year ended June 30, 2020, the Foundation made contributions to the School totaling \$32,793.

INLAND LEADERS CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 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.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

SUPPLEMENTARY INFORMATION

**INLAND LEADERS CHARTER SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2020**

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, 2020 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (4 year term)</u>
Robert Stranger	Chairman	June 30, 2021
Aron Wolfe	Treasurer	June 30, 2021
Bonnie Mitchell	Secretary	June 30, 2021
Mike Casavan	Member	June 30, 2023

ADMINISTRATORS

Michael Gordon	Executive Director
Tracy Burson	Business Manager

**INLAND LEADERS CHARTER SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020**

	Instructional Minutes		Credited Minutes COVID-19 School Closure Certification	Total Actual Plus Credited Minutes	Traditional Calendar Days	Credited Days COVID-19 School Closure Certification	Total Actual Plus Credited Days	Status
	Requirement	Actual						
T-Kindergarten	36,000	29,700	10,120	39,820	135	46	181	In compliance
Kindergarten	36,000	36,450	12,420	48,870	135	46	181	In compliance
Grade 1	50,400	39,150	13,340	52,490	135	46	181	In compliance
Grade 2	50,400	39,150	13,340	52,490	135	46	181	In compliance
Grade 3	50,400	41,025	13,930	54,955	135	46	181	In compliance
Grade 4	54,000	41,700	14,160	55,860	135	46	181	In compliance
Grade 5	54,000	42,375	14,390	56,765	135	46	181	In compliance
Grade 6	54,000	42,375	14,390	56,765	135	46	181	In compliance
Grade 7	54,000	41,025	13,930	54,955	135	46	181	In compliance
Grade 8	54,000	41,025	13,930	54,955	135	46	181	In compliance

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**INLAND LEADERS CHARTER SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2020**

	Second Period Report			Annual Report		
	Classroom	Independent	Total	Classroom	Independent	Total
	Based	Study		Based	Study	
Grades TK/K-3	437.79	31.23	469.02	437.79	31.23	469.02
Grades 4-6	304.84	17.07	321.91	304.84	17.07	321.91
Grades 7-8	196.12	10.08	206.20	196.12	10.08	206.20
ADA Totals	938.75	58.38	997.13	938.75	58.38	997.13

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**INLAND LEADERS CHARTER SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$ 11,264,282
Adjustments and Reclassifications:	
Increase (Decrease) of Fund Balance (Net Assets):	
Cash and Cash Equivalents	7,964
Investments	(7,964)
Accounts Receivable - Federal and State	394,123
Accounts Payable and Accrued Liabilities	(394,123)
Net Adjustments and Reclassifications	<u>-</u>
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	<u><u>\$ 11,264,282</u></u>

See Independent Auditors' Report and accompanying Notes to Supplementary Information

**INLAND LEADERS CHARTER SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

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 California Education Code.

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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



**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, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated November 12, 2020.

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) to determine the 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 financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 determination of financial statement amounts. 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.

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

CliftonLarsonAllen LLP

Glendora, California
November 12, 2020



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Inland Leaders Charter Schools
Yucaipa, California

We have audited Inland Leaders Charter Schools's (the School) compliance with the types of compliance requirements described in the *2019-2020 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, 2020. The School's state compliance requirements are identified in the table below.

Management's Responsibility

Management is responsible for the compliance with the state laws and regulations as identified below.

Auditor's Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the School's compliance.

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:	
California Clean Energy Jobs Act	Not applicable
Before and After School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	Yes
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Not applicable

Opinion on State Compliance

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2020.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
November 12, 2020

**INLAND LEADERS CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements or state awards for the year ended June 30, 2020.

**INLAND LEADERS CHARTER SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

There were no findings and questioned costs related to the basic financial statements or state awards for the prior year.

