



**AUDIT REPORT**

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

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

University Preparation Charter School at CSU Channel Islands (Charter No. 0464)

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
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**JUNE 30, 2023**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
University Preparation School at CSU Channel Islands  
Camarillo, California

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

#### **Opinion**

We have audited the accompanying financial statements of University Preparation School at CSU Channel Islands which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Preparation School at CSU Channel Islands as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about University Preparation School at CSU Channel Islands' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

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

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

## **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE**, on our consideration of University Preparation School at CSU Channel Islands' 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 University Preparation School at CSU Channel Islands 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 University Preparation School at CSU Channel Islands' internal control over financial reporting and compliance.

San Diego, California

**DATE**

UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS  
STATEMENT OF NET POSITION  
JUNE 30, 2023

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**ASSETS**

Current assets

Cash and cash equivalents	\$ 3,961,723
Accounts receivable	2,035,509
Prepaid expenses	<u>107,441</u>
Total current assets	<u>6,104,673</u>

Noncurrent assets

Deposits	37,000
Capital assets, net	<u>899,509</u>
Total noncurrent assets	<u>936,509</u>
<b>Total Assets</b>	<b><u>\$ 7,041,182</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable	\$ 980,212
Deferred revenue	<u>1,474,758</u>
Total liabilities	<u>2,454,970</u>

Net assets

Without donor restrictions	<u>4,586,212</u>
Total net assets	<u>4,586,212</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 7,041,182</u></b>

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

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>Without Donor Restrictions</u>
<b>SUPPORT AND REVENUES</b>	
Federal and state support and revenues	
Local control funding formula, state aid	\$ 4,159,740
Federal revenues	1,021,141
Other state revenues	<u>1,578,070</u>
Total federal and state support and revenues	<u>6,758,951</u>
Local support and revenues	
Payments in lieu of property taxes	2,749,873
Grants and donations	27,081
Investment income, net	9,500
Other local revenues	<u>247,740</u>
Total local support and revenues	<u>3,034,194</u>
<b>Total Support and Revenues</b>	<u>9,793,145</u>
 <b>EXPENSES</b>	
Program services	7,682,443
Management and general	<u>1,634,647</u>
<b>Total Expenses</b>	<u>9,317,090</u>
 <b>CHANGE IN NET ASSETS</b>	476,055
 <b>Net Assets - Beginning</b>	<u>4,110,157</u>
 <b>Net Assets - Ending</b>	<u>\$ 4,586,212</u>

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

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	Program Services	Management and General	Total
<b>EXPENSES</b>			
Personnel expenses			
Certificated salaries	\$ 4,420,828	\$ 76,237	\$ 4,497,065
Non-certificated salaries	533,532	460,211	993,743
Pension plan contributions	913,861	126,036	1,039,897
Payroll taxes	192,475	48,678	241,153
Other employee benefits	552,225	60,157	612,382
Total personnel expenses	6,612,921	771,319	7,384,240
Non-personnel expenses			
Books and supplies	261,530	121,408	382,938
Insurance	-	60,131	60,131
Facilities	234,472	-	234,472
Professional services	369,405	430,737	800,142
Depreciation	129,736	-	129,736
Fees to authorizing agency	-	207,288	207,288
Other operating expenses	74,379	43,764	118,143
Total non-personnel expenses	1,069,522	863,328	1,932,850
<b>Total Expenses</b>	<b>\$ 7,682,443</b>	<b>\$ 1,634,647</b>	<b>\$ 9,317,090</b>

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



**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 476,055
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	129,736
(Increase) decrease in operating assets	
Accounts receivable	(430,373)
Prepaid expenses	(39,951)
Increase (decrease) in operating liabilities	
Accounts payable	385,050
Deferred revenue	975,676
<b>Net cash provided by (used in) operating activities</b>	<u>1,496,193</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of capital assets	<u>(106,730)</u>
<b>Net cash provided by (used in) investing activities</b>	<u>(106,730)</u>

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** 1,389,463

**Cash and cash equivalents - Beginning** 2,572,260

**Cash and cash equivalents - Ending** \$ 3,961,723

**SUPPLEMENTAL DISCLOSURE**

Cash paid for interest	<u>\$ -</u>
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The notes to the financial statements are an integral part of this statement.

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

University Preparation School at CSU Channel Islands (the “Organization”) was formed as a nonprofit public benefit corporation on March 29, 2002 in Ventura County. The purpose of the corporation is to manage, operate, guide, direct and promote the University Preparation Charter School at CSU Channel Islands.

The University Preparation Charter School at CSU Channel Islands (the “Charter”) is a California public charter school serving students in grades K through 8. The Charter was numbered by the State Board of Education in March 2002 as California Charter No. 0464. The Organization also previously operated the University Charter Middle School at CSU Channel Islands, California Charter No. 0771. Effective June 30, 2017, the Charter became the surviving charter school and assumed operations of the University Charter Middle School at CSU Channel Islands.

The Charter is authorized to operate as a charter school through the Pleasant Valley School District (the “authorizing agency”). On September 1, 2020, the Board of Directors of Pleasant Valley School District approved a charter renewal for the Charter for a five-year term beginning July 1, 2021 and expiring on June 30, 2026. As a result of AB 130 and SB 114, the charter petition end date is extended to June 30, 2027. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

**B. Basis of Accounting**

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

**C. Financial Statement Presentation**

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

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

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

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

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

**D. Functional Expenses**

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

**E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

**F. Contributions**

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

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

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

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

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

**H. Functional Expenses**

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

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

**I. Cash and Investments**

University Preparation School at CSU Channel Islands considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents. The Organization's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities.

**J. Receivables and Allowances**

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

**K. Capital Assets**

University Preparation School at CSU Channel Islands has adopted a policy to capitalize asset purchases over \$1,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

**L. Deferred Revenue**

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

**M. Income Taxes**

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

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

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

**N. Fair Value Measurements**

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

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

**O. Change in Accounting Principle**

**ASC 842 Leases**

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

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

The Charter has determined the impact and has reflected the significant change from this accounting principle within its financial statements for the 2022-23 fiscal year. The Charter has determined the impact and noted no significant change to the financial statements as a result of this accounting principle.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

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

Cash in banks, non-interest bearing	\$ 250
Cash in banks, interest bearing	3,960,373
Cash on hand or awaiting deposit	1,100
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 3,961,723</u></b>

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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

**Cash in Banks**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. University Preparation School at CSU Channel Islands does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2023, \$3,244,301 of the University Preparation School at CSU Channel Islands' bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks.

**NOTE 3 – ACCOUNTS RECEIVABLE**

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

Local control funding sources, state aid	\$ 1,112,823
Federal sources	497,775
Other state sources	137,305
In lieu property tax payments	284,309
Other local sources	3,297
<b>Total Accounts Receivable</b>	<b>\$ 2,035,509</b>

**NOTE 4 – CAPITAL ASSETS**

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

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Property and equipment				
Site improvement	\$ 551,679	\$ 19,752	\$ -	\$ 571,431
Buildings	98,782	-	-	98,782
Computers and equipment	677,135	12,146	-	689,281
Furniture	201,009	74,832	-	275,841
Total property and equipment	1,528,605	106,730	-	1,635,335
Less accumulated depreciation	(606,090)	(129,736)	-	(735,826)
<b>Capital Assets, net</b>	<b>\$ 922,515</b>	<b>\$ (23,006)</b>	<b>\$ -</b>	<b>\$ 899,509</b>

**NOTE 5 – ACCOUNTS PAYABLE**

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

Due to grantor government	\$ 697,840
Vendor payables	279,372
Salaries and benefits	3,000
<b>Total Accounts Payable</b>	<b>\$ 980,212</b>

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 6 – DEFERRED REVENUE**

Deferred revenue as of June 30, 2023, consists of \$1,474,758 in state sources.

**NOTE 7 – NET ASSETS**

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

Net investment in capital assets	\$ 899,509
Undesignated	3,686,703
<b>Total Net Assets without Donor Restrictions</b>	<b><u>\$ 4,586,212</u></b>

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

The following table reflects the Organization's financial assets as of June 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action..

Financial Assets	
Cash and cash equivalents	\$ 3,961,723
Accounts receivable	2,035,509
Prepaid expenses	107,441
Total Financial Assets, excluding noncurrent	<u>\$ 6,104,673</u>
Contractual or donor-imposed restrictions	
Cash restricted by others for specific uses	<u>(1,474,758)</u>
<b>Financial Assets available to meet cash needs for expenditures within one year</b>	<b><u>\$ 4,629,915</u></b>

**NOTE 9 – EMPLOYEE RETIREMENT PLANS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code 47605*, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Charter has made such election. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and non-certificated employees are members of the California Public Employees' Retirement System (CalPERS). The Organization also offers all employees an alternative plan who may not qualify for the CalSTRS and CalPERS retirement plans.

UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023

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

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

**Plan Description**

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

**Funding Policy**

Active plan members are required to contribute 10.25% or 10.205% of their 2022-23 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2021-22 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2022-23	\$ 796,917	100%
2021-22	\$ 626,830	100%
2020-21	\$ 503,380	100%

**On-Behalf Payments**

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for University Preparation School at CSU Channel Islands is estimated at \$347,381. The on-behalf payment amount is computed as the proportionate share of total 2021-22 State on-behalf contributions.



**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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

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

**Plan Description**

University Preparation School at CSU Channel Islands contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, California 95814.

**Funding Policy**

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

University Preparation School at CSU Channel Islands is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2022-23 was 25.37% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to CalPERS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2022-23	\$ 242,980	100%
2021-22	\$ 185,103	100%
2020-21	\$ 127,627	100%

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

**Charter School Authorization**

As mentioned in Note 1A, University Preparation Charter School at CSU Channel Islands is approved to operate as a public charter school through authorization by the Pleasant Valley School District. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

The Organization makes payments to the authorizing agency, Pleasant Valley School District, to provide required services for special education and other purchased services in addition to fees for oversight. In accordance with California Education Code 4713(b), the authorizing agency may charge actual costs of oversight not to exceed 3% of revenue from local control funding formula sources if the authorizing agency also provides substantially free facilities; Pleasant Valley School District provides such facilities. Total fees paid to the authorizing agency for oversight and facility use amounted to \$207,288 for the fiscal year ending June 30, 2023.

**Governmental Funds**

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

**Multiemployer Defined Benefit Plan Participation**

Under current law on multiemployer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Organization to make payments to the plan, which would approximate the Organization's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Organization's share of withdrawal liability is approximately \$3,830,608 as of June 30, 2022. Also, as of June 30, 2022, CalPERS has estimated the Organization's share of withdrawal liability to be \$1,814,736. The Organization does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 9 for additional information on employee retirement plans.

**Pending or Threatened Litigation**

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

**Facilities Use Agreement**

The University Preparation School at CSU Channel Islands submitted a request for facilities to the Pleasant Valley School District, the authorizing agency, under the provisions of California Education Code 47614. As a result, the Organization entered into facilities use agreements with the authorizing agency to occupy space located at 1099 Bedford Drive in Camarillo, California. The facilities are utilized by the Organization for instructional services as well as for administrative offices. Based on the agreement, the authorizing agency shall invoice the Organization for the use of such facilities and payments must be made promptly within 30 days of receipt. Refer to Note 10 for total costs incurred to the Pleasant Valley School District.

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2023**

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**NOTE 11 – DONATED GOODS AND SERVICES**

During the year, many parents, administrators and other individuals donated significant amounts of time and services to University Preparation School at CSU Channel Islands in an effort to advance the Organization's programs and objectives. These services have not been recorded in the Organization's financial statements because they do not meet the criteria required by generally accepted accounting principles.

**NOTE 12 – SUBSEQUENT EVENTS**

University Preparation School at CSU Channel Islands has evaluated subsequent events for the period from June 30, 2023 through November 9, 2023, the date the financial statements were available to be issued.

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

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

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## **SUPPLEMENTARY INFORMATION**

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**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**LEA ORGANIZATION STRUCTURE**  
**JUNE 30, 2023**

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University Preparation School at CSU Channel Islands, located in Ventura County, was formed as a nonprofit public benefit corporation on March 29, 2002 and numbered as the University Preparation Charter School at CSU Channel Islands by the State Board of Education in March 2002 under Charter Number 0464. The Charter is authorized to operate as a charter school through Pleasant Valley School District. During 2022-23, the Charter served approximately 685 students in grades K to 8.

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**BOARD OF DIRECTORS**

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<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Dr. Jeanne Adams	Founder	Indefinite
Celina Zacarias	CSUCI-President's Representative	July 2027
Regina Carver	PVSD-Representative	November 2023
Lindsay Walker	Parent Position	February 2024
Talya Drescher	CSUCI-School of Education Representative	December 2027
Marlo Hartsuyker	VCOE-Superintendent Representative	September 2025
Melinda Brookshire	Community Position	December 2026
Veronica Raushenberger	Community Position	December 2026

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**ADMINISTRATION**

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Charmon Evans  
*Executive Director*

Veronica Solorzano  
*Director, Student Services*

Darlene Hale

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 127,851
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	18,854
Title III, Immigrant Education Program	84.365	15146	13,968
Title IV, Part A, Student Support and Academic Enrichment Grants [1]	84.424	15396	10,855
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants [1]:			
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	276,780
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	245,176
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	51,825
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	15,643
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	10,038
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	76,593
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425	15564	6,800
Subtotal Education Stabilization Fund Discretionary Grants			<u>682,855</u>
<i>Passed through Los Angeles County Office of Education:</i>			
Special Education: IDEA Basic Local Assistance Entitlement Part B, Sec 611	84.027	13379	<u>150,382</u>
<b>Total U. S. Department of Education</b>			<u><u>1,004,765</u></u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Education:</i>			
Child Care and Development Block Grant			
Child Development: ARP California State Preschool Program - Rate Supplements	93.575	15641	<u>16,376</u>
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>16,376</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 1,021,141</u></u>

[1] - Major Program

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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	Second Period Report	Annual Report
	<hr/> Classroom-Based <hr/>	
<b>Grade Span</b>		
Regular		
Kindergarten through third	291.50	293.88
Fourth through sixth	217.23	217.64
Seventh through eighth	133.95	133.88
<b>Total Average Daily Attendance - Classroom-Based</b>	<hr/> 642.68	<hr/> 645.40
	<hr/> Nonclassroom-Based <hr/>	
<b>Grade Span</b>		
Regular		
Kindergarten through third	0.80	0.68
Fourth through sixth	1.02	0.80
Seventh through eighth	2.15	1.60
<b>Total Average Daily Attendance - Nonclassroom-Based</b>	<hr/> 3.97	<hr/> 3.08
<b>Total Average Daily Attendance</b>	<hr/> 646.65	<hr/> 648.48

See accompanying notes to supplementary information.

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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Grade Level	Minutes Requirement	2022-23 Instructional Minutes	2022-23 Number of Days	Status
Kindergarten	36,000	51,720	180	Complied
Grade 1	50,400	51,720	180	Complied
Grade 2	50,400	51,720	180	Complied
Grade 3	50,400	51,720	180	Complied
Grade 4	54,000	56,660	180	Complied
Grade 5	54,000	56,660	180	Complied
Grade 6	54,000	54,958	180	Complied
Grade 7	54,000	54,958	180	Complied
Grade 8	54,000	54,958	180	Complied

See accompanying notes to supplementary information.



**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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There were no adjustments to reconcile fund balance reported on the Annual Financial and Budget Report ( Unaudited Actuals) within the Charter Schools Enterprise Fund to ending net assets per the audited financial statements for the year end ended June 30, 2023.

**NOTE 1 – PURPOSE OF SCHEDULES**

**A. LEA Organization Structure**

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

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

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

**C. Schedule of Average Daily Attendance**

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

**D. Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the Charter and whether the Charter complied with the provisions of *Education Code Section 47612.5*.

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

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

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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

Independent Auditors' Report

To the Board of Directors of  
University Preparation School at CSU Channel Islands  
Camarillo, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of University Preparation School at CSU Channel Islands (the "Charter") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated **DATE**.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

San Diego, California

**DATE**

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

### Independent Auditors' Report

To the Board of Directors of  
University Preparation School at CSU Channel Islands  
Camarillo, California

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

#### **Opinion on Each Major Federal Program**

We have audited University Preparation School at CSU Channel Islands compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of University Preparation School at CSU Channel Islands major federal programs for the year ended June 30, 2023. University Preparation School at CSU Channel Islands major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, University Preparation School at CSU Channel Islands complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of University Preparation School at CSU Channel Islands and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of University Preparation School at CSU Channel Islands 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 University Preparation School at CSU Channel Islands federal programs.

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding University Preparation School at CSU Channel Islands compliance with the compliance requirements referred to above and performing such procedures as we consider necessary in the circumstances.
- Obtain an understanding of University Preparation School at CSU Channel Islands internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of University Preparation School at CSU Channel Islands internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

San Diego, California

**DATE**



## REPORT ON STATE COMPLIANCE

### Independent Auditors' Report

To the Board of Directors of  
University Preparation School at CSU Channel Islands  
Camarillo, California

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

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

We have audited University Preparation School at CSU Channel Islands compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to University Preparation School at CSU Channel Islands state program-requirements for the fiscal year ended June 30, 2023.

In our opinion, University Preparation School at CSU Channel Islands complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2023, as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

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

We are required to be independent of University Preparation School at CSU Channel Islands and to meet certain ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance. Our audit does not provide a legal determination of University Preparation School at CSU Channel Islands compliance with the compliance requirements referred to above.

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

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to University Preparation School at CSU Channel Islands state programs.

## Auditor's Responsibilities for the Audit for State Compliance

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

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

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

Description	Procedures Performed
<b>School Districts, County Offices of Education and Charter Schools</b>	
California Clean Energy Jobs Act	No*
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
Transitional Kindergarten	Not applicable
<b>Charter Schools</b>	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No**
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable

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

\*We did not perform testing of California Clean Energy Jobs Act program because no funding was received nor expended.

\*\*We did not perform testing of Nonclassroom-Based Instruction/Independent study because reported average daily attendance (ADA) was not material.

## **Auditor's Responsibilities for the Audit for State Compliance (continued)**

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

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

San Diego, California

DATE

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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# SUMMARY OF AUDITORS' RESULTS FOR THE YEAR ENDED JUNE 30, 2023

## Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>None</u>

## Federal Awards

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	
<u>AL Number(s)</u> <u>Name of Federal Program or Cluster</u>	
<u>84.425, 84.425C</u> <u>Education Stabilization Fund Discretionary Grants</u>	
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

## State Awards

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

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

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

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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



**UNIVERSITY PREPARATION SCHOOL AT CSU CHANNEL ISLANDS**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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