



Financial Statements
June 30, 2022

**Libertas College Preparatory Charter
School**

Charter No. 1711

Independent Auditor’s Report 1

Financial Statements

 Statement of Financial Position 4

 Statement of Activities 5

 Statement of Functional Expenses 6

 Statement of Cash Flows 7

 Notes to Financial Statements 8

Supplementary Information

 Local Education Agency Organization Structure14

 Schedule of Average Daily Attendance.....15

 Schedule of Instructional Time.....16

 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements17

 Notes to Supplementary Information18

Independent Auditor’s Reports

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*19

Independent Auditor’s Report on State Compliance21

Schedule of Findings and Questioned Costs

 Summary of Auditor’s Results26

 Financial Statement Findings27

 State Compliance Findings and Questioned Costs28

 Summary Schedule of Prior Audit Findings.....29



Independent Auditor's Report

Governing Board
Libertas College Preparatory Charter School
Los Angeles, California

Report on the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 14-18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
December 6, 2022

Libertas College Preparatory Charter School
Statement of Financial Position
June 30, 2022

Assets	
Current assets	
Cash	\$ 1,951,935
Receivables	857,896
Prepaid expenses	<u>90,410</u>
Total current assets	<u>2,900,241</u>
Non-current assets	
Property and equipment, net	<u>118,123</u>
Total assets	<u><u>\$ 3,018,364</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 160,456
Accrued compensated absences	35,427
Refundable advance	<u>540,822</u>
Total current liabilities	<u>736,705</u>
Long-term liabilities	
Refundable advance - Proposition 1D	<u>717,427</u>
Total liabilities	<u>1,454,132</u>
Net Assets	
Without donor restrictions	<u>1,564,232</u>
Total liabilities and net assets	<u><u>\$ 3,018,364</u></u>

Libertas College Preparatory Charter School

Statement of Activities
Year Ended June 30, 2022

Support and Revenues	
Local Control Funding Formula	\$ 3,248,084
Federal revenue	662,643
Other state revenue	445,103
PPP loan forgiveness revenue	432,583
Local revenues	<u>307,701</u>
Total support and revenues	<u>5,096,114</u>
Expenses	
Program services	3,719,775
Management and general	1,135,690
Fundraising and development	<u>1,462</u>
Total expenses	<u>4,856,927</u>
Change in Net Assets	<u>239,187</u>
Net Assets, Beginning of Year	<u>1,325,045</u>
Net Assets, End of Year	<u><u>\$ 1,564,232</u></u>

Libertas College Preparatory Charter School

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries	\$ 2,053,390	\$ 339,460	\$ -	\$ 2,392,850
Employee benefits	213,315	35,265	-	248,580
Payroll taxes	116,816	71,126	-	187,942
Fees for services	352,019	271,736	-	623,755
Advertising and promotions	-	56,916	-	56,916
Office expenses	128,418	102,271	-	230,689
Occupancy	451,493	74,640	-	526,133
Travel	988	-	-	988
Depreciation	18,729	-	-	18,729
Insurance	-	49,157	-	49,157
Other expenses	204,180	135,119	1,462	340,761
Instructional materials	33,524	-	-	33,524
Nutrition	146,903	-	-	146,903
	<u>\$ 3,719,775</u>	<u>\$ 1,135,690</u>	<u>\$ 1,462</u>	<u>\$ 4,856,927</u>
Total functional expenses	<u>\$ 3,719,775</u>	<u>\$ 1,135,690</u>	<u>\$ 1,462</u>	<u>\$ 4,856,927</u>

Libertas College Preparatory Charter School

Statement of Cash Flows
Year Ended June 30, 2022

Operating Activities	
Change in net assets	\$ 239,187
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation expense	18,729
PPP loan forgiveness	(432,583)
Changes in operating assets and liabilities	
Receivables	(36,614)
Prepaid expenses	(14,959)
Accounts payable	71,994
Compensated absences	9,322
Refundable advance	260,039
Proposition 1D	268,926
	<u>384,041</u>
Net Cash from (used for) Operating Activities	
Investing Activities	
Purchases of property and equipment	<u>(106,662)</u>
Net Change in Cash	<u>277,379</u>
Cash, Beginning of Year	<u>1,674,556</u>
Cash, End of Year	<u><u>\$ 1,951,935</u></u>

Note 1 - Principal Activity and Significant Accounting Policies**The Organization**

Libertas College Preparatory Charter School (the Organization) is a nonprofit public benefit corporation and was approved for a charter by the Los Angeles Unified School District on August 26, 2014, for a period of five years ending in 2020. On September 2019, the Organization was renewed for an additional five years ending in 2025.

Charter school number authorized by the State: 1711

The Organization located at 5101 S Western Avenue, Los Angeles, CA 90062 opened in July 2015 and currently serves 284 students in grades fourth through eighth. The mission of the Organization is to equip middle school students in grades fourth through eighth with the academic skills and the strength of character needed to thrive in and graduate from high-performing high schools and competitive colleges.

Basis of Accounting

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have net assets with donor restrictions for the year ended June 30, 2022.

Receivables and Credit Policies

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

Property and Equipment

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

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

Revenue and Revenue Recognition

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

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Consequently, at June 30, 2022, conditional contributions approximating \$741,973, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

The Organization was granted a \$432,583 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization has elected to account for the funding as a conditional contribution by applying Accounting Standards Update (ASU) 958-605, *Not-for-Profit – Revenue Recognition*. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized \$432,583 as PPP loan forgiveness revenue for the year ended June 30, 2022.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2022.

Functional Allocation of Expenses

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

Income Taxes

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

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

Estimates

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

Financial Instruments and Credit Risk

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

Recent Accounting Pronouncements

In February 2016, Financial Accounting Standard Board (FASB) issued ASU 2016-02, *Leases*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to the lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Financial assets	
Cash	\$ 1,951,935
Accounts receivable	<u>857,896</u>
Financial assts at year end	<u>2,809,831</u>
Less those available for general expenditure	
Proposition 1D	<u>(537,852)</u>
Financial assets availability to meet cash needs for general expenditure	<u><u>\$ 2,271,979</u></u>

A portion of the Organization's cash consists of Proposition 1D funds in the amount of \$537,852 which are restricted for specific purposes and, therefore, are not available for general expenditure. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 - Property and Equipment

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

Building improvements	\$ 3,000
Building	20,664
Computer and equipment	105,972
Furniture	25,833
	<u>155,469</u>
Less accumulated depreciation	<u>(37,346)</u>
Total	<u><u>\$ 118,123</u></u>

Note 4 - Proposition 1D

Proposition 1D, passed by California voters in November 2002, established the Charter School Facility Program and provided for charter schools that provide site-based instruction to access State of California facility funding directly for the construction of new charter schools or additions to existing charter schools. Per Proposition 1D one-half of the approved project costs paid under the award are reimbursed in the form of a State grant (recorded as earned revenue and proposition expense on the Statement of Activities and Changes in Net Assets) and one half of the approved project costs paid under the award are required to be remitted back to the State of California in the form of loan payments over a period not to exceed 30 years.

As of June 30, 2022, the Organization has received the total design funds in the amount of \$897,002. The balance of \$717,427 in long-term liabilities include \$179,575 that represents one-half of the costs incurred for the Organization's approved Proposition 1D project and \$537,852 from grant funds received and remaining debt.

Note 5 - Operating Lease

On May 14, 2021, the Organization entered into a lease agreement with Onesimus Holdings LLC in which the Organization will occupy 5101 S Western Avenue, Los Angeles, CA 90062, for its campus location. The lease term is a twelve-month period in which commenced on July 1, 2021, and expires on July 31, 2024. The \$35,238 in 2025 represent the final month rent due. Upon the expiration date, the Organization has an option to extend the term for five years. Lease expense for the fiscal year ending June 30, 2022, was \$405,766, which is included in occupancy in the statement of functional expenses.

Future minimum lease payment are as follows:

Year Ending June 30,	Lease Payment
2023	\$ 413,881
2024	422,159
2025	35,238
Total	\$ 871,278

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

Note 6 - Employee Retirement Systems

Social Security

Public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) are covered by social security or an alternative plan. The Organization has elected to use the social security as its alternative plan.

403(b) Tax Deferred Annuity Plan

The Organization sponsors a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering substantially all full-time employees. The plan provides that employees who have attained the age of 21 and completed one year of service may voluntarily contribute from 3% to 10% of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are discretionary and are determined and authorized by the Governing Board each plan year. During the year ended June 30, 2022, the Organization matched employee voluntary contributions up to 6%, resulting in contributions to the plan of \$51,963.

Note 7 - Contingencies, Risks, and Uncertainties

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

Note 8 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 6, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.



Supplementary Information
June 30, 2022

Libertas College Preparatory Charter School

ORGANIZATION

Libertas College Preparatory Charter School (the Organization) (Charter School No. 1711) was granted on August 26, 2014, by the Los Angeles Unified School District and opened in July 2015. The Organization operates one school, grades fourth through eighth.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Brandis Johnson	Chair	June 2025
Christen Chambers	Vice President	March 2023
Gregory Pope	Treasurer	May 2024
Hilda Echeverria	Secretary	June 2025
Gary Olson	Member	May 2024
John Heintz	Member	February 2023
Sarah Wechsler	Member	February 2023
Joy Turner	Member	June 2025
Theo Ossei-Anto	Member	June 2025
Nancy Cabrel	Member	June 2025

ADMINISTRATION

Anna Carlstone	Head of School
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Libertas College Preparatory Charter School
 Schedule of Average Daily Attendance
 Year Ended June 30, 2022

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Fourth through sixth	119.32	120.28
Seventh and eighth	<u>131.65</u>	<u>132.03</u>
Total regular ADA	<u><u>250.97</u></u>	<u><u>252.31</u></u>
Classroom Based ADA		
Fourth through sixth	119.32	120.28
Seventh and eighth	<u>131.65</u>	<u>132.03</u>
Total classroom based ADA	<u><u>250.97</u></u>	<u><u>252.31</u></u>

Libertas College Preparatory Charter School

Schedule of Instructional Time

Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 4 - 8	54,000								
Grade 4		54,995	-	186	186	N/A	-	186	Complied
Grade 5		54,995	-	186	186	N/A	-	186	Complied
Grade 6		58,630	-	186	186	N/A	-	186	Complied
Grade 7		58,630	-	186	186	N/A	-	186	Complied
Grade 8		58,630	-	186	186	N/A	-	186	Complied

Libertas College Preparatory Charter School
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2022

Summarized below is the net asset reconciliation between the Unaudited Actual Financial Report and the audited financial statements.

Net Assets	
Balance, June 30, 2022, Unaudited Actuals	\$ 1,524,633
Increase in	
Receivables	338,539
Refundable advance	<u>(298,940)</u>
Balance, June 30, 2022, Audited Financial Statements	<u><u>\$ 1,564,232</u></u>

Note 1 - Purpose of Supplementary Schedules

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial Report with Audited Financial Statements

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



Independent Auditor's Reports
June 30, 2022

Libertas College Preparatory Charter School



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
Libertas College Preparatory Charter School
Los Angeles, 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 Libertas College Preparatory Charter School (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Rancho Cucamonga, California
December 6, 2022



Independent Auditor's Report on State Compliance

Governing Board
Libertas College Preparatory Charter School
Los Angeles, California

Report on Compliance

Opinion on State Compliance

We have audited Libertas College Preparatory Charter School's (the Organization) compliance with the requirements specified in the 2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, applicable to the Organization's state program requirements identified below for the year ended June 30, 2022.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the 2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Our responsibilities under those standards and the 2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below

	Procedures Performed
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	No, see below
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

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

We did not perform California Clean Energy Jobs Act procedures because the Organization did not receive funding for this program.

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

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

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

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

We did not perform In Person Instruction Grant procedures because the Organization did not receive funding for this grant.

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

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

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

Rancho Cucamonga, California
December 6, 2022



Schedule of Findings and Questioned Costs
June 30, 2022

Libertas College Preparatory Charter School

Financial Statements

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

State Compliance

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

None reported.

None reported.

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