



Financial Statements
June 30, 2022

Samueli Academy
Charter No. 1419



Independent Auditor’s Report	1
Financial Statements	
Statements of Financial Position.....	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10
Supplementary Information	
Schedule of Expenditures of Federal Awards	21
Local Education Agency Organization Structure.....	22
Schedule of Average Daily Attendance.....	23
Schedule of Instructional Time	24
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	25
Notes to Supplementary Information.....	26
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 <i>Government Auditing Standards</i>	27
Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance	29
Independent Auditor’s Report on State Compliance; Report on Internal Control Over Compliance Required by the <i>2021- 2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Report</i>	32
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results.....	37
Financial Statement Findings	38
Federal Awards Findings and Questioned Costs.....	39
State Awards Findings and Questioned Costs	40
Summary Schedule of Prior Audit Findings.....	41



Independent Auditor's Report

Governing Board
Samueli Academy
Santa Ana, California

Report on the Financial Statements

Opinion

We have audited the financial statements of Samueli Academy (the Academy) (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2022 and 2021, 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 Academy as of June 30, 2022 and 2021, 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 Academy 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 Academy'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 Academy'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 Academy's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information on pages 22-27 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of the Academy'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 Academy'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 Academy'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
October 27, 2022

Samueli Academy
Statements of Financial Position
June 30, 2022 and 2021

Assets	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 4,718,877	\$ 1,112,817
Contribution and note receivable, net	357,854	148,085
Receivables	1,006,553	3,512,115
Prepaid expenses	<u>126,704</u>	<u>90,749</u>
Total current assets	<u>6,209,988</u>	<u>4,863,766</u>
Non-current assets		
Restricted investments	99,045	99,045
Contribution and note receivable, net of current portion	1,445	14,185
Property and equipment, net	<u>1,506,372</u>	<u>902,978</u>
Total non-current assets	<u>1,606,862</u>	<u>1,016,208</u>
Total assets	<u>\$ 7,816,850</u>	<u>\$ 5,879,974</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 662,318	\$ 515,684
Deferred revenue	970,083	522,345
Intercompany payable	<u>309,422</u>	<u>22,442</u>
Total current liabilities	<u>1,941,823</u>	<u>1,060,471</u>
Total liabilities	<u>1,941,823</u>	<u>1,060,471</u>
Net Assets		
Without donor restrictions	<u>5,875,027</u>	<u>4,819,503</u>
Total liabilities and net assets	<u>\$ 7,816,850</u>	<u>\$ 5,879,974</u>

Samueli Academy
Statements of Activities
Year Ended June 30, 2022 and 2021

	2022		Total
	Without donor Restrictions	With donor Restrictions	
Support and revenues			
Contributions	\$ 713,390	\$ -	\$ 713,390
Local Control Funding Formula	-	8,400,117	8,400,117
Federal revenue	-	1,141,216	1,141,216
Other state revenue	-	2,688,512	2,688,512
Special events	258,010	-	258,010
Net investment income	7,188	-	7,188
In-kind contributions	86,819	-	86,819
Other income	72,147	-	72,147
Net assets released from restrictions	12,229,845	(12,229,845)	-
Total support and revenues	<u>13,367,399</u>	<u>-</u>	<u>13,367,399</u>
Expenses			
Program services	11,339,959	-	11,339,959
Management and general	722,969	-	722,969
Fundraising and development	248,947	-	248,947
Total expenses	<u>12,311,875</u>	<u>-</u>	<u>12,311,875</u>
Change in Net Assets	<u>1,055,524</u>	<u>-</u>	<u>1,055,524</u>
Net Assets, Beginning of Year	<u>4,819,503</u>	<u>-</u>	<u>4,819,503</u>
Net Assets, End of Year	<u>\$ 5,875,027</u>	<u>\$ -</u>	<u>\$ 5,875,027</u>

Samueli Academy
Statements of Activities
Year Ended June 30, 2022 and 2021

	2021		
	Without donor Restrictions	With donor Restrictions	Total
Support and revenues			
Contributions	\$ 705,771	\$ -	\$ 705,771
Local Control Funding Formula	-	6,553,536	6,553,536
Federal revenue	-	1,141,216	1,141,216
PPP loan forgiveness revenue	-	757,781	757,781
Other state revenue	-	1,772,184	1,772,184
Special events	102,419	-	102,419
Investment income	6,306	-	6,306
In-kind contributions	62,152	-	62,152
Other income	21,397	-	21,397
Net assets released from restrictions	10,224,717	(10,224,717)	-
Total support and revenues	<u>11,122,762</u>	<u>-</u>	<u>11,122,762</u>
Expenses			
Program services	8,940,513	-	8,940,513
Management and general	518,736	-	518,736
Fundraising and development	42,021	-	42,021
Total expenses	<u>9,501,270</u>	<u>-</u>	<u>9,501,270</u>
Change in Net Assets	<u>1,621,492</u>	<u>-</u>	<u>1,621,492</u>
Net Assets, Beginning of Year	<u>3,198,011</u>	<u>-</u>	<u>3,198,011</u>
Net Assets, End of Year	<u>\$ 4,819,503</u>	<u>\$ -</u>	<u>\$ 4,819,503</u>

Samueli Academy
Statements of Functional Expenses
Year Ended June 30, 2022 and 2021

	2022			Total Expenses ¹
	Program Services	Management and General	Fundraising and Development	
Bad debt expense	\$ -	\$ -	\$ -	\$ -
Banking and merchant fees	-	8,132	-	8,132
Mentor and staff recruitment	12,746	-	-	12,746
Conferences/training	37,729	-	-	37,729
Contracted services	279,224	-	-	279,224
Depreciation and amortization	321,965	-	-	321,965
Scholarships	13,000	-	-	13,000
Samueli Academy operating costs	904,150	-	-	904,150
Salaries and benefits	7,076,662	701,986	248,947	8,027,595
Accounting and audit fees	-	12,851	-	12,851
Facility expense	1,845,377	-	-	1,845,377
Insurance expense	85,349	-	-	85,349
In-kind Contributions Used by Program	86,819	-	-	86,819
Marketing/public relations	34,568	-	-	34,568
Office equipment leases	42,387	-	-	42,387
Office expense	47,846	-	-	47,846
Property tax	34,105	-	-	34,105
Telephone expense	38,525	-	-	38,525
Travel and mileage	105,071	-	-	105,071
Technology	374,436	-	-	374,436
Total functional expenses	\$ 11,339,959	\$ 722,969	\$ 248,947	\$ 12,311,875

¹ Program services expenses represent 92.11% of total expenses, while Management and General represent 5.87% and Fundraising expenses represent 2.02% of total expenses.

Samueli Academy
Statements of Functional Expenses
Year Ended June 30, 2022 and 2021

	2021			
	Program Services	Management and General	Fundraising and Development	Total Expenses ¹
Bad debt expense	\$ -	\$ 4,293	\$ -	\$ 4,293
Banking and merchant fees	-	9,087	-	9,087
Mentor and staff recruitment	5,098	-	-	5,098
Conferences/training	30,251	-	-	30,251
Contracted services	89,718	-	-	89,718
Depreciation and amortization	105,002	-	-	105,002
Scholarships	103,000	-	-	103,000
Samueli Academy operating costs	788,058	-	-	788,058
Salaries and benefits	5,918,781	484,237	42,021	6,445,039
Accounting and audit fees	-	21,119	-	21,119
Facility expense	1,333,577	-	-	1,333,577
Insurance expense	79,928	-	-	79,928
In-kind Contributions Used by Program	62,152	-	-	62,152
Marketing/public relations	5,719	-	-	5,719
Office equipment leases	44,984	-	-	44,984
Office expense	32,819	-	-	32,819
Property tax	10,990	-	-	10,990
Telephone expense	40,163	-	-	40,163
Travel and mileage	23,837	-	-	23,837
Technology	266,436	-	-	266,436
Total functional expenses	\$ 8,940,513	\$ 518,736	\$ 42,021	\$ 9,501,270

¹ Program services expenses represent 92.99% of total expenses, while Management and General represent 6.25% and Fundraising expenses represent 0.76% of total expenses.

Samueli Academy
Statements of Cash Flows
Year Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 1,055,524	\$ 1,621,492
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization expense	321,965	105,002
Bad debt expense	-	4,293
Net unrealized and realized loss on investments	-	956
Loss on sale of property and equipment	-	3,286
PPP loan forgiveness	-	(757,781)
Changes in operating assets and liabilities		
Contribution and note receivable, net	(197,029)	184,599
Receivables	2,505,562	(2,554,046)
Prepaid expenses	(35,955)	95,234
Accounts payable	146,634	89,482
Intercompany payable	286,980	7,997
Deferred revenue	447,738	502,864
	4,531,419	(696,622)
Net Cash from (used for) Operating Activities		
Investing Activities		
Purchases of property and equipment	(925,359)	(652,283)
Change in Cash and Cash Equivalents	3,606,060	(1,348,905)
Cash and Cash Equivalents, Beginning of Year	1,112,817	2,461,722
Cash and Cash Equivalents, End of Year	\$ 4,718,877	\$ 1,112,817

Note 1 - Principal Activity and Significant Accounting Policies

The Samueli Academy (the Academy), formerly known as The Academy Charter School, is a non-profit public benefit corporation and was approved for a charter by the Orange County Department of Education on February 15, 2012, for a period of five years ending in June 2018. In May 2018, a five year extension was granted to June 2023. As part of this extension, the Orange County Department of Education also approved adding 7th and 8th grade for a total of up to 800 students.

Charter school number authorized by the State: 1419

The Academy located at 1901-1919 North Fairview Street, Santa Ana, California, opened on August 29, 2013, and currently serves 789 students in grade seven through twelve. The mission of The Academy is to provide a transformational learning environment to community, underserved and foster teens that offers consistency, stability, support, and a community in which to belong, thrive, and grow into successful, independent adults.

Related Entities

The Orangewood Foundation (the founder of the Academy) is a non-profit organization that was incorporated in the State of California on November 20, 1980, for the purpose of ending the cycle of child abuse by providing innovative programs.

Orangewood Real Property LLC owns land and buildings leased to The Academy. Orangewood Residential LLC is established to provide onsite housing to foster students at a further date.

Joint Powers Agency and Risk Management Pools

The Academy is associated with the El Dorado Special Education Local Plan Area, a Joint Powers Authority (JPA). The JPA does not meet the criteria for inclusion as a component unit of The Academy. Additional information is presented in Note 13 of the financial statements.

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 Academy reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Academy considers all cash including cash in County Investment Pool and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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 Academy deems all amounts to be fully collectible. Substantially all outstanding receivables as of June 30, 2022 and 2021 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.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Academy has reported prepaid items either when purchased or during the benefiting period.

Property and Equipment

Property and equipment additions over \$2,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Academy 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

Revenue is recognized when earned. Operating funds for the Academy are derived principally from state and federal sources. The Academy receives state funding based on each of the enrolled student's average daily attendance (ADA) in its school. Amounts received are recognized as revenue when the Academy has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Academy received cost-reimbursable grants with an advance payment of \$970,083 recognized in the statement of financial position as a deferred revenue.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Academy would otherwise purchase the services.

Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

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 (Note 8).

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. All expenses, excluding depreciation and grant disbursements are allocated on the basis of estimates of time and effort

Income Taxes

The Academy 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 Academy is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Academy is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Academy 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 Academy 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 Academy 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 and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies and foundations supportive of the Academy's mission. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Academy believes that the investment policies and guidelines are prudent for the long-term welfare of the Academy.

Change in Accounting Principle

As of July 1, 2021, the Academy adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets.

Note 2 - Liquidity and Availability

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

	2022	2021
Cash and cash equivalents	\$ 4,718,877	\$ 1,112,817
Receivables and other assets	1,491,111	3,750,949
Total	\$ 6,209,988	\$ 4,863,766

Note 3 - Fair Value Measurements and Disclosures

The Academy has determined the fair value of certain assets in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets that can be accessed at the reporting date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market corroborated inputs Level 3 inputs are unobservable inputs related to the asset. In these situations, inputs are developed using the best information in the circumstances.

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

A significant portion of investments are classified within Level 1 because they are comprised of mutual funds with readily determinable fair values based on daily redemption values. Certain certificates of deposit are considered invested and traded in the financial markets. Those certificates of deposit, fixed income securities and other securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

The following table presents assets and liabilities measured at fair value on a recurring basis, as identified in the following, at June 30, 2022:

	Quoted Prices in Active Markets (Level 1)
Asset backed securities	\$ 99,045

The following table presents assets and liabilities measured at fair value on a recurring basis, as identified in the following, at June 30, 2021:

	Quoted Prices in Active Markets (Level 1)
Asset backed securities	\$ 99,045

Note 4 - Contributions Receivable

Long-term contributions receivable (those expected to be collected over more than the next twelve months) have been discounted using the Academy's borrowing rate in effect at the time of the pledge. As of June 30, 2022, the discount rate in effect was 3.75%.

Year Ending June 30,	
2023	\$ 357,854
2024	1,500
Subtotal	359,354
Less discount	(55)
Total	\$ 359,299

Note 5 - Receivables

Receivables consisted of the following:

	2022	2021
Local Control Funding Formula	\$ 147,001	\$ 2,499,121
Federal receivable	460,067	221,093
State receivable	334,088	471,471
Lottery	65,397	56,024
Other receivables	-	264,406
Total	\$ 1,006,553	\$ 3,512,115

Note 6 - Property and Equipment

Property and equipment consisted of the following:

	2022	2021
Furniture, fixtures, and equipment	\$ 2,384,491	\$ 1,532,682
Building improvements	269,302	-
Vehicles	62,747	62,747
Work in progress	-	195,753
	2,716,540	1,791,182
Less accumulated depreciation	(1,210,168)	(888,204)
Total	\$ 1,506,372	\$ 902,978

During the year ended June 30, 2022 and 2021, depreciation expense was \$321,965 and \$105,002, respectively.

Note 7 - Accounts Payable and Related Party Payables

Accounts Payable consisted of the following:

	2022	2021
Payroll and benefits	\$ 189,460	\$ 149,484
Vendor payables	472,858	366,200
Inter-fund payable to the Foundation	309,422	22,442
Total	\$ 971,740	\$ 538,126

Note 8 - In-Kind Contributions

Contributed nonfinancial assets recognized within the statement of activities included for the years ended June 30,:

	2022	2021
School supplies	\$ 86,819	\$ 62,152

The Academy recognized contributed nonfinancial assets within revenue, including contributed school supplies. The contributed school supplies will be used for giving youth the opportunity to receive new school supplies and backpacks for the school year. This donation will greatly help our youth be successful in school and work with new clothing and supplies.

All gifts-in-kind received during the years ended June 30, 2022 and 2021 were unrestricted.

Note 9 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS).

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

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Academy contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Academy contributes exclusively to the STRP Defined Benefit Program; thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.92%	16.92%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

Contributions

Required member, The Academy and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2022 are presented above and The Academy's total contributions were \$680,718. The Academy's total contributions for the year ended June 30, 2021 were \$547,333.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Academy. These payments consist of State General Fund contributions to CalSTRS in the amount of \$403,282 (10.828% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

403(b) Tax Deferred Annuity Plan

For staff, Samueli Academy participates in the 403(b) plan (the Plan) established by the Orangewood Foundation. The Plan provides a discretionary employer match of up to 75% of non-certificated employee contributions to a maximum of \$2,000 in 2020 and a match up to a 100% to a maximum of \$2,000 in 2021. Vesting in the employer match is over five years at 20% per year. Employees become eligible as of the first of the month following the date of hire. Samueli Academy made \$14,895 and \$9,108 of matching contributions to the Plan during the year ended June 30, 2022 and 2021, respectively.

Note 10 - Contingencies

Grants

The Academy 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 11 - Related Party Transactions

Various board members make contributions to The Academy through donations, fundraising events, and volunteer time. General contributions recorded from board members during the years ended June 30, 2022 and 2021, totaled approximately \$154,691 and \$45,107, respectively, which are recorded in general contributions in the accompanying Statement of Activities.

The Academy has a service agreement with the Foundation as described in Note 12. During the years ended June 30, 2022 and 2021, \$867,427 and \$629,104, respectively, was paid under this agreement. The Academy leases its facilities from Orangewood Real Property, LLC. Under the terms of this lease, during the years June 30, 2022 and 2021, \$1,170,635 and \$966,550 in rental expenses was incurred, respectively.

Note 12 - Services Agreement

The services agreement between the Foundation and The Academy sets out the terms for employees of the Foundation to provide various administrative, human resources, finance, information technology, facilities, marketing and fundraising services to The Academy. As these services are provided throughout the year, The Academy will reimburse the Foundation for these services at or below the Foundation's cost. Reimbursements to the Foundation for services were \$1,170,635 and \$629,164 for the years ended June 30, 2022 and 2021, respectively.

Note 13 - Participation in Joint Powers Authority

The Academy is a participant in the El Dorado Special Education Local Plan Area a joint powers authority (JPA) for special education funding. The relationship between The Academy and the JPA is such that the JPA is not considered a component unit of The Academy for financial reporting purposes.

The JPA has budgeting and financial reporting requirements independent of member units and the JPA's financial statements are not presented in these financial statements; however, transactions between JPA and The Academy are included in these statements. Audited financial statements for JPA were not available for fiscal year 2021-2022 at the time this report was issued. However, financial statements should be available from the respective agency.

During the years ended June 30, 2022 and 2021, The Academy made payments of \$19,022 and \$13,515, respectively, to El Dorado SELPA for services received. At June 30, 2022, The Academy had no recorded accounts receivable or accounts payable to the JPA.

Note 14 - Subsequent Events

The Academy's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through October 27, 2022, which is the date the financial statements were available to be issued. Management has determined there were no subsequent events or transactions that would have a material impact on the current year financial statements.



Supplementary Information
June 30, 2022

Samueli Academy

Samueli Academy
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement	84.027	13379	<u>\$ 124,286</u>
Subtotal Special Education (IDEA) Cluster			<u>124,286</u>
COVID-19: Elementary and Secondary School Emergency			
Relief II (ESSER II) Fund	84.425D	15547	505,365
COVID-19: Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	<u>15,599</u>
Subtotal			520,964
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	146,355
Title I, Part A, Supporting Effective Instruction	84.367	14341	20,980
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	<u>11,589</u>
Total U.S. Department of Education			<u>824,174</u>
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	241,275
National School Lunch Program	10.555	13524	<u>75,767</u>
Subtotal Child Nutrition Cluster			<u>317,042</u>
Total U.S. Department of Agriculture			<u>317,042</u>
Total Financial Assistance			<u>\$ 1,141,216</u>

ORGANIZATION

The Academy (Charter School No. 1419) was granted on February 15, 2012, by the Orange County Department of Education and opened on August 29, 2013. In May 2018, a five year extension was granted through June 2023. The Academy operates one school for students in grades nine through twelve.

GOVERNING BOARD

MEMBER	OFFICE	TERM
Sandi Jackson	Chair	June 2023
Chris Scheithauer	Co-Chair	June 2024
Richard Arum	Secretary	June 2023
Liz Dorn Parker	Treasurer	June 2023
Susan Samueli	Member	June 2023
Susan Barua	Member	June 2025
Shannon Zech	Member	June 2024
Robert Santana	Member	June 2024

ADMINISTRATION

NAME	TITLE
Anthony Saba	Executive Director
John R. Luker	Chief Financial Officer
Lee Fleming	Head of School

Samueli Academy
Schedule of Average Daily Attendance
Year Ended June 30, 2022

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Seventh and eighth	226.75	225.34
Ninth through twelfth	<u>528.47</u>	<u>525.79</u>
Total Regular ADA	<u><u>755.22</u></u>	<u><u>751.13</u></u>

Samueli Academy
 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 7 - 8	54,000								
Grade 7		58,310	-	0	185	N/A	-	185	Complied
Grade 8		58,310	-	0	185	N/A	-	185	Complied
Grades 9 - 12	64,800								
Grade 9		66,500	-	66,500	185	N/A	-	185	Complied
Grade 10		66,500	-	66,500	185	N/A	-	185	Complied
Grade 11		66,500	-	66,500	185	N/A	-	185	Complied
Grade 12		66,500	-	66,500	185	N/A	-	185	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

Note 1 - Purpose of Supplementary Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Academy under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Academy.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The Academy has not elected to use the ten percent de minimus cost rate.

Local Education Agency Organization Structure

This schedule provides information about the Academy'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 Academy. 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 Academy.

Schedule of Instructional Time

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

The Academy 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

Samueli Academy



**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
Samueli Academy
Santa Ana, 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 Samueli Academy (the Academy), 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 fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy’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 Academy’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Rancho Cucamonga, California

October 27, 2022



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

Governing Board
Samueli Academy
Santa Ana, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Samueli Academy's (the Academy) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Academy's major federal program for the year ended June 30, 2022. The Academy's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy'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 Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

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

Rancho Cucamonga, California
October 27, 2022



**Independent Auditor’s Report on State Compliance; Report on Internal Control Over Compliance
Required by the 2021- 2022 Guide for Annual Audits of K-12 Local Education Agencies and State
Compliance Report**

Governing Board
Samueli Academy
Santa AnaSanta Ana, California

Report on State Compliance

Unmodified Opinion

We have audited Orangewood Foundation’s (the Academy) compliance with the types of compliance requirements identified as subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

In our opinion, the Academy complied, in all material respects, with the state compliance requirements referred to above 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 Academy 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 Academy’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 Academy’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 Academy'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 Academy'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 Academy'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 Academy'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 Academy'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 Academy's compliance with laws and regulations applicable to the following items:

	<u>Procedures Performed</u>
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
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	No, see below
After School	No, see below
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

	<u>Procedures Performed</u>
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	No, see below

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

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

We did not perform procedures for the After/Before School Education and Safety Program because the Academy did not offer the program.

The Academy 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 Academy’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 Academy did not receive funding for this grant.

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

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Academy was not classified as nonclassroom based.

We did not perform procedures for the Charter School Facility Grant Program because the Academy did not receive funding for this 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
October 27, 2022



Schedule of Findings and Questioned Costs
June 30, 2022

Samueli Academy

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	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.

None reported.

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