

SKY MOUNTAIN CHARTER SCHOOL
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2022

SKY MOUNTAIN CHARTER SCHOOL

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Governing Board of
Sky Mountain Charter School

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sky Mountain Charter School (a California public charter school), 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 financial statements present fairly, in all material respects, the financial position of Sky Mountain Charter School 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sky Mountain Charter School 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 opinions.

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 Sky Mountain Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional 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 Sky Mountain Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sky Mountain Charter School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information on pages 18 – 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and accompanying supplementary information are fairly stated in all material respects, in relation to the financial statements as a whole.

The Local Education Agency Organization Structure on page 17 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on the schedule.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of Sky Mountain Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sky Mountain Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sky Mountain Charter School's internal control over financial reporting and compliance.

Jeddeisen & Company, LLP

Agoura Hills, California
November 28, 2022

SKY MOUNTAIN CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash in Bank	\$	11,002,828
Accounts Receivable		8,151,042
Prepaid Expenses		4,285
Total Current Assets		<u>19,158,155</u>

PROPERTY AND EQUIPMENT, NET

18,814

Total Assets

\$ 19,176,969

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	1,108,890
Accrued Payroll and Payroll Liabilities		358,617
Due to Grantor Governments		66,968
Deferred Revenue		1,158,286
Total Current Liabilities		<u>2,692,761</u>

Total Liabilities

2,692,761

NET ASSETS

Without Donor Restriction

Operating		<u>16,484,208</u>
Total Net Assets		<u>16,484,208</u>

Total Liabilities and Net Assets

\$ 19,176,969

The accompanying notes are an integral part of these financial statements

SKY MOUNTAIN CHARTER SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUE AND SUPPORT

LCFF Sources:

State Aid	\$	12,629,534
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Education Protection Account		9,616,910
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In-Lieu of Property Taxes		586,610
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Federal Revenues		1,065,165
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State Revenues:

Special Education		1,438,558
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Lottery Revenue		579,598
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Other State Revenues		463,018
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Other Local Revenues:

Other Local Revenues		1,577,334
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Interest Income		10,244
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Total Revenue and Support		27,966,971
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EXPENSES

PROGRAM SERVICES

Education		19,808,041
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SUPPORT SERVICES

Management and General		2,590,491
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Total Expenses		22,398,532
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INCREASE IN NET ASSETS		5,568,439
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Net Assets, Beginning of Year		10,915,769
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Net Assets, End of Year	\$	16,484,208
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The accompanying notes are an integral part of these financial statements

SKY MOUNTAIN CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Support Services	
	Education	Management and General	Total Services
Compensation and Related Expenses			
Salaries - Certificated	\$ 8,181,887	\$ 134,121	\$ 8,316,008
Salaries - Classified	195,849	62,499	258,348
Pension Expense	1,307,755	36,870	1,344,625
Other Employee Benefits	1,430,192	34,296	1,464,488
Payroll Taxes	271,596	9,682	281,278
Total Compensation and Related Expenses	11,387,279	277,468	11,664,747
Books and Supplies	2,597,208	1,645	2,598,853
Travel and Conferences	75,332	-	75,332
Dues and Memberships	-	12,347	12,347
Insurance	20,262	61,285	81,547
Rentals, Leases, Repairs	7,774	22,160	29,934
Contracted Instruction	4,036,561	-	4,036,561
District Oversight	-	610,853	610,853
Other Fees for Services	1,645,621	1,599,227	3,244,848
Communications	38,004	-	38,004
Depreciation Expense	-	5,506	5,506
Total	\$ 19,808,041	\$ 2,590,491	\$ 22,398,532

The accompanying notes are an integral part of these financial statements

SKY MOUNTAIN CHARTER SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	5,568,439
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		5,506
(Increase) Decrease in:		
Accounts Receivable		1,079,654
Increase (Decrease) in:		
Accounts Payable		55,617
Accrued Payroll and Payroll Liabilities		86,882
Due to Grantor Governments		(1,918,716)
Deferred Revenue		522,057
		<hr/>
Net Cash Provided by Operating Activities		5,399,439

CASH FLOWS FROM INVESTING ACTIVITIES:

Net Cash Provided (Used) by Investing Activities	<hr/>	-
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CASH FLOWS FROM FINANCING ACTIVITIES:

Net Cash Provided (Used) by Financing Activities	<hr/>	-
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Net Increase in Cash and Cash Equivalents	5,399,439
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Cash, Beginning of Year	<hr/>	5,603,389
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Cash, End of Year	\$	<hr/> <hr/> 11,002,828
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The accompanying notes are an integral part of these financial statements

SKY MOUNTAIN CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities – Sky Mountain Charter School (the School) began instruction during the 2007-2008 school year. The current charter is sponsored by the Lucerne Valley Unified School District and has been renewed through June 30, 2025. The School believes in educating each of their students for the 21st century by providing individualized learning opportunities that incorporate parental participation, choice and involvement in curricula offered in personalized learning environments and small learning communities. The School is open to all students in grades K – 12 in San Bernardino County, and its contiguous counties of Inyo, Kern, Los Angeles, Orange and Riverside.

The School receives most of its funding from both state sources and local taxes through the State of California local control funding formula. Charters may be revoked by the sponsoring district for material violations of the charter, failure to meet student goals identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. California Education Code Section 47604 states that a district granting a charter to a charter school to be operated by a non-profit public benefit corporation shall not be liable for the debts or obligations of the charter school.

Basis of Accounting – The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – The School reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – These net assets generally result from state, federal and local funding that is received without donor restrictions, less expenses incurred in providing program-related services and performing administrative functions.

Net assets with donor restrictions – These net assets result from state, federal and local funding that is received with donor restrictions that limit the use of the funds, either temporarily until the stipulated time restriction ends or the purpose of the restriction is accomplished, or in perpetuity.

Cash and Cash Equivalents – For purposes of the statement cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Advertising – The School expenses advertising costs as incurred. For the year ended June 30, 2022 and 2021, advertising costs totaled \$13,379 and \$212, respectively.

SKY MOUNTAIN CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition – The School receives Federal, State and local revenues for their various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. Amounts received from the California Department of Education are recognized as revenue by the School based on the average daily attendance of students. Unearned revenue is recorded to the extent cash received on grants exceeds qualified expenses. Some government grants are based on reimbursable costs as defined by the grants. Reimbursements recorded under these grants are subject to audit by the granting agency. Management believes that no material adjustments will result from subsequent audits of costs reflected in the accompanying financial statements. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted revenues whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Accounts Receivable – Accounts receivable primarily represent amounts due from federal, state and local governments as of June 30, 2022 and are recorded at their net realizable value. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Significant management estimates included in the financial statements are the collectability of the receivables, the estimated useful lives of fixed assets and the functional allocation of expenses.

Property and Equipment – Property and equipment acquisitions are recorded at cost, or if donated, at fair value at date of gift. Purchases and donations with a useful life of more than one year and an acquisition cost of \$5,000 or more are capitalized. Contributions of donated fixed assets are reported as increases to net assets without donor restrictions unless the donor has stipulated that the donation has a specific purpose. Expenses for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, generally three to ten years for equipment. For additional information, see Note 5.

Compensated Absences – An accrual for compensated absences has not been made in these financial statements. It is impracticable to estimate the amount of compensation for future absences and accordingly no liability has been recorded in the accompanying financial statements. The School's policy is to recognize the costs of compensated absences when actually paid.

Deferred Revenue – The School recognizes grant revenues in the period the School meets the conditions for revenue recognition, namely as reimbursable program expenses are incurred. Deferred Revenue relates to program receipts from government agencies in advance of program performance.

SKY MOUNTAIN CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses – The costs of providing educational programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Where practicable, expenses are directly classified to specific program or supporting service categories. Costs that are not specifically identifiable within functional categories are classified using allocation methods.

Fair Value Measurements – Generally accepted accounting principles related to fair value measurements (a) define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and (b) set out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs are unadjusted quoted prices for identical assets and liabilities in active markets to which the School has access.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The carrying amounts of cash, receivables, accounts payable, and other accrued liabilities approximate fair value because of the short maturity of these financial instruments. Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the School believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

Income Taxes – Innovative Education Management, Inc. (IEM), the operator of Sky Mountain Charter School, is exempt from federal and state income tax under 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, IEM qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been reflected in these financial statements. IEM has considered its tax positions and believes that all of the tax positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination; therefore, no accounting adjustment has been made to the financial statements and no disclosures of uncertain income tax positions are required. IEM's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

SKY MOUNTAIN CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability, measured on a discounted basis, on the balance sheet for all leases with terms greater than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of income. Since the issuance of ASU 2016-02, the FASB has issued several amendments to the standard including, among other matters, clarifications regarding lease reassessments and application of an optional transition method. The standard is required to be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. The Organization has not selected its transition method and is currently in the process of evaluating the potential impact of this new guidance, which is effective for the Organization beginning on July 1, 2022.

Evaluation of Subsequent Events – The School has evaluated subsequent events through November 28, 2022, the date these financial statements were available to be issued. The School determined no additional disclosures were required.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Cash balances held in banks and/or credit unions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The School maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The School has not experienced any losses in such accounts. At June 30, 2022, deposits in excess of the FDIC limit amount to approximately \$10,800,000. Management believes the School is not exposed to any significant credit risk related to cash.

NOTE 3 – LIQUIDITY AND RESERVES

The School has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The following reflects the School's financial assets as of June 30, 2020, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal board designations.

Cash and cash equivalents	\$ 11,002,828
Accounts receivable, net, collected in less than one year	<u>8,151,042</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,153,870</u>

In addition to financial assets available to meet general expenditures over the year, the School operates with a balanced budget and anticipates covering its general expenditures by receiving the state, federal, and local funding apportionments due to the School, and spending within the approved budget and plans.

SKY MOUNTAIN CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable outstanding at June 30, 2022 consisted of the following:

State Government	\$ 6,640,276
Federal Government	642,390
All Other	<u>868,376</u>
Total Accounts Receivable	<u>\$ 8,151,042</u>

NOTE 5 – PROPERTY AND EQUIPMENT

A schedule of changes in property and equipment and accumulated depreciation for the year ended June 30, 2022, is as follows:

SUMMARY OF CHANGES IN PROPERTY AND EQUIPMENT

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Equipment	\$ 145,404	\$ -	\$ -	\$ 145,404
Totals	<u>\$ 145,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,404</u>

SUMMARY OF CHANGES IN ACCUMULATED DEPRECIATION

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Equipment	\$ 121,084	\$ 5,506	\$ -	\$ 126,590
Totals	<u>\$ 121,084</u>	<u>\$ 5,506</u>	<u>\$ -</u>	<u>\$ 126,590</u>

During the fiscal year ended June 30, 2022, \$5,506 was charged to depreciation expense.

NOTE 6 – EMPLOYEE BENEFIT PLANS

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). All employees who are not members of CalSTRS or CalPERS must contribute to the federal Social Security system.

The risks of participating in these multi-employer plans are different from single-employer plans in the following respects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- The required member, employer, and State contribution rates are set by the California Legislature.

SKY MOUNTAIN CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6 – EMPLOYEE BENEFIT PLANS (CONTINUED)

- If the School chooses to stop participating in the multi-employer plans, it may be required to pay those plans an amount based on the unfunded status of the plan, referred to as a withdrawal liability.

The School has no plans to withdraw from these multi-employer plans.

California State Teachers' Retirement System (CalSTRS)

Plan Name:	California State Teachers' Retirement System
Plan EIN:	94-6291617
Actuarial value of assets:	\$242,363
Actuarial accrued liability:	\$332,082
Unfunded accrued liability:	\$89,719
Funded status:	65 to 80 percent funded

The actuarial value of assets and accrued liability are expressed in millions and are valued as of June 30, 2021, the most recent actuarial valuation date.

Plan Description

The School contributes to the State Teachers Retirement Plan (STRP), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, California 95605, and is also available online at www.calstrs.com.

Benefits Provided

The benefits are established by contract, in accordance with the provisions of the State Teachers' Retirement Law. Benefits are based on members' years of service, age, final compensation, and a benefit formula. The California Public Employees' Pension Reform Act of 2013 (PERPA) made significant changes to the benefit structure that primarily affect members first hired to perform CalSTRS creditable activities on or after January 1, 2013.

Contributions

The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. School employer contributions will increase from 8.25 percent to a total of 19.1 percent of covered payroll over a seven-year period, effective July 1, 2014. The required employer contribution rate for the fiscal year 2021-22 was 16.92 percent of annual payroll. The School's contribution to CalSTRS for the fiscal years ended June 30, 2022, 2021, and 2020 was \$1,276,020, \$976,191 and \$843,291, respectively, and equals 100.0 percent of the required contributions for the year. The School's contributions are less than 5 percent of total plan contributions. For the fiscal year 2023, the School is required to contribute 18.813 percent of annual payroll.

SKY MOUNTAIN CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6 – EMPLOYEE BENEFIT PLANS (CONTINUED)

California Public Employees' Retirement System (CalPERS)

Plan Name:	California Public Employees' Retirement System
Plan EIN:	94-6207465
Market value of assets:	\$86,519
Actuarial accrued liability:	\$110,507
Unfunded accrued liability:	\$23,988
Funded status:	65 to 80 percent funded

The market value of assets and the actuarial accrued liability are expressed in millions and are valued as of June 30, 2021, the most recent actuarial valuation date.

Plan Description

The School contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811, and is also available online at www.calpers.ca.gov.

Benefits Provided

The benefits for the CalPERS plan are established by contract, in accordance with the provisions of the California Public Employees' Retirement Law (PERL). The benefits are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. PERPA made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013.

Contributions

Contribution rates for the CalPERS plan are determined annually on an actuarial basis as of June 30 by CalPERS. The CalPERS Plan's actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Classic plan members, defined as a member who joined CalPERS prior to January 1, 2013, are required to contribute 6.5 percent of their salary. New members who joined CalPERS for the first time on or after January 1, 2013 are required to contribute 7 percent of their salary. The required employer contribution rate for the fiscal year 2021-22 was 22.91 percent of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute. The School's contributions to CalPERS for the fiscal years ended June 30, 2022, 2021 and 2020 was \$68,606, \$43,930, and \$32,494, respectively, and equals 100.0 percent of the required contributions for the year. The School's contributions are less than 5 percent of total plan contributions. For the fiscal year 2023, the School is required to contribute 25.37 percent of annual payroll.

SKY MOUNTAIN CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 7 – CONTINGENCIES

The School receives a number of grants from various local, state, and federal governmental agencies. These grants are subject to audit by the corresponding oversight agency as to allowable costs paid with governmental funds and as to the share of costs contributed by the School. The School could be liable for as much as the full amount of governmental funds expended for the year if, under audit, the oversight agency was to determine that all costs charged to the program were disallowed.

SKY MOUNTAIN CHARTER SCHOOL

SUPPLEMENTARY INFORMATION SECTION

**FOR THE YEAR ENDED
JUNE 30, 2022**

SKY MOUNTAIN CHARTER SCHOOL

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE

JUNE 30, 2022

ORGANIZATION

Sky Mountain Charter School (the School) was granted a charter on May 16, 2007 and is sponsored by the Lucerne Valley Unified School District. The sponsor has subsequently renewed the charter through June 30, 2025. The School is a non-classroom-based charter school serving students in kindergarten through twelfth grades in the following California counties: San Bernardino, Inyo, Kern, Los Angeles, Orange and Riverside. The School's charter number authorized by the state of California is 905.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM</u>	<u>TERM EXPIRES</u>
Heidi Arthurton	Member	Two Years	June 30, 2023
Natalie Belger	Member	Two Years	June 30, 2023
Laura Dye	Member	Two Years	June 30, 2023
Kristen Fewel	Member	Two Years	June 30, 2023
Karina Franklin	Member	One Year	June 30, 2022
Valerie Fregoso	Member	Two Years	June 30, 2023
Heidi Hall	Member	One Year	June 30, 2022
Heather Hughes	Member	One Year	June 30, 2022
Nikol Kwasnicke	Member	Two Years	June 30, 2023
Angie Langley	Member	One Year	June 30, 2022
Jackie Lee	Member	One Year	June 30, 2022
Victoria Lehdorfer	Member	Two Years	June 30, 2023
Barbara McCaffrey	Member	Two Years	June 30, 2023
Nina Case Miller	Member	One Year	June 30, 2022
Tricia Opdahl	Member	Two Years	June 30, 2023
Tai Pearson	Member	Two Years	June 30, 2023
Nicole Perez	Member	Two Years	June 30, 2023
Tanja Sandoval	Member	Two Years	June 30, 2023
Summer Santana	Member	One Year	June 30, 2022
Tiffany Schall	Member	Two Years	June 30, 2023
Jennifer Shibley	Member	One Year	June 30, 2022
Shihching Wagner	Member	One Year	June 30, 2022
Judi Watts	Member	Two Years	June 30, 2022

ADMINISTRATIVE OFFICERS

Argi Sayari, President
Kirstine Bowers, Treasurer
Brenda Christensen, Secretary
Jodi Jones, CEO, Innovative Education Management, Inc.

BUSINESS MANAGER

Innovative Education Management, Inc.

See auditor's report and the notes to supplementary information

SKY MOUNTAIN CHARTER SCHOOL

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Independent Study</u>	<u>Total</u>	<u>Independent Study</u>	<u>Total</u>
Grades TK/K through 3	740.19	740.19	743.66	743.66
Grades 4 through 6	551.26	551.26	551.80	551.80
Grades 7 and 8	356.48	356.48	357.23	357.23
Grades 9 through 12	<u>485.22</u>	<u>485.22</u>	<u>484.21</u>	<u>484.21</u>
ADA Totals	<u><u>2,133.15</u></u>	<u><u>2,133.15</u></u>	<u><u>2,136.90</u></u>	<u><u>2,136.90</u></u>

IMPORTANT NOTES:

100% of the reported Average Daily Attendance is non-classroom based. Sky Mountain Charter School did not have classroom-based ADA.

See auditor's report and the notes to supplementary information

SKY MOUNTAIN CHARTER SCHOOL

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE YEAR ENDED JUNE 30, 2022

	2021-22 Minutes		Number of Days	Status
	Requirement	Actual	Traditional Calendar	
Grades TK/Kindergarten	N/A	Not Calculated	175	In Compliance
Grade 1	N/A	Not Calculated	175	In Compliance
Grade 2	N/A	Not Calculated	175	In Compliance
Grade 3	N/A	Not Calculated	175	In Compliance
Grade 4	N/A	Not Calculated	175	In Compliance
Grade 5	N/A	Not Calculated	175	In Compliance
Grade 6	N/A	Not Calculated	175	In Compliance
Grade 7	N/A	Not Calculated	175	In Compliance
Grade 8	N/A	Not Calculated	175	In Compliance
Grade 9	N/A	Not Calculated	175	In Compliance
Grade 10	N/A	Not Calculated	175	In Compliance
Grade 11	N/A	Not Calculated	175	In Compliance
Grade 12	N/A	Not Calculated	175	In Compliance

Sky Mountain Charter School does not offer site-based instruction, therefore the instructional minutes requirement is not applicable.

See auditor's report and the notes to supplementary information

SKY MOUNTAIN CHARTER SCHOOL

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

June 30, 2022 Annual Financial and Budget Report Fund Balance (Net Assets)	\$ 15,101,622
Adjustments and Reclassifications Increase (Decrease):	
Accounts Receivable / Principal Apportionment State Aid	1,429,692
Accounts Receivable / Special Education	(62,669)
Property and Equipment / Depreciation Expense	<u>15,563</u>
June 30, 2022 Audited Financial Statement Fund Balance (Net Assets)	<u><u>\$ 16,484,208</u></u>

See auditor's report and the notes to supplementary information

SKY MOUNTAIN CHARTER SCHOOL

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2022

NOTE 1 – PURPOSE OF SCHEDULES:

A. Local Education Agency Organization Structure

This schedule provides information about Sky Mountain Charter School's (the School) date and granting authority, members of the governing board, and members of the administration.

B. Schedule of Average Daily Attendance

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

C. Schedule of Instructional Time

The School does not receive funding for classroom-based instruction. If they had, this schedule would present information on the amount of instructional time offered by the School and whether the School complied with the provisions of California Education Code.

D. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances (net assets) of the School as reported on the Annual Financial and Budget Report form to the audited financial statements.

SKY MOUNTAIN CHARTER SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education				
Pass-Through Program from California				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	14329	\$ -	\$ 369,991
Supporting Effective Instruction State Grants	84.367	14341	-	35,019
COVID-19 - Education Stabilization Fund	84.425D	15547, 15559	-	579,015
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B) 84.027A		15197	-	15,161
Total Special Education Cluster:			-	15,161
Total U.S. Department of Education			-	999,186
Total Expenditures of Federal Awards			\$ -	\$ 999,186

N/A - Pass-through entity number not readily available or not applicable.

See accompanying notes to the schedule of expenditures of federal awards

SKY MOUNTAIN CHARTER SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

NOTE 3 – INDIRECT COST RATE

Sky Mountain Charter School has elected to use the 10.0 percent de minimis indirect cost rate allowed under the Uniform Guidance.

SKY MOUNTAIN CHARTER SCHOOL

OTHER INDEPENDENT AUDITOR'S REPORTS

**FOR THE YEAR ENDED
JUNE 30, 2022**



**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***

To Members of the Governing Board of
Sky Mountain Charter School

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 Sky Mountain Charter School (a California public charter school), 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 November 28, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sky Mountain Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

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.



Agoura Hills, California
November 28, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Members of the Governing Board of
Sky Mountain Charter School

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sky Mountain Charter School's 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 each of Sky Mountain Charter School's major federal programs for the year ended June 30, 2022. Sky Mountain Charter School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Sky Mountain Charter School'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 Sky Mountain Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Sky Mountain Charter School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Sky Mountain Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sky Mountain Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sky Mountain Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

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

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.

Jeddusen & Company, LLP

Agoura Hills, California

November 28, 2022



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Members of the Governing Board of
Sky Mountain Charter School

Report on State Compliance

We have audited Sky Mountain Charter School's compliance with the state compliance requirements described in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, for the year ended June 30, 2022. The applicable state compliance requirements are identified in the table below.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of Sky Mountain Charter School's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Sky Mountain Charter School's compliance with the state laws and regulations based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Sky Mountain Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sky Mountain Charter School's compliance with those requirements.

Compliance Requirements Tested

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

Compliance Requirements

Local Education Agencies:

Attendance
Teacher Certification and Misassignments
Kindergarten Continuance
Independent Study
Continuation Education

Procedures Performed

Not applicable
Not applicable
Not applicable
Not applicable
Not applicable

<u>Compliance Requirements</u>	<u>Procedures Performed</u>
Instructional Time	Not applicable
Instructional Materials	Not applicable
Ratio of Administrative Employees to Teachers	Not applicable
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive	Not applicable
Gann Limit Calculation	Not applicable
School Accountability Report Card	Not applicable
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Not applicable
Transportation Maintenance of Effort	Not applicable
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Not applicable
District of Choice	Not applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	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	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	No, see below
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	No, see below
Charter Schools:	
Attendance	Yes
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

The term “Not applicable” is used above to mean that the program does not apply to Sky Mountain Charter School as a Local Education Agency.

We did not perform any procedures related to the California Clean Energy Jobs Act because Sky Mountain Charter School does not have expenditures for this program.

We did not perform any procedures related to the After/Before School Education and Safety Program because Sky Mountain Charter School does not receive state funding for this program.

We did not perform any procedures related to the Independent Study-Course Based Program because Sky Mountain Charter School does not receive state funding for this program.

We did not perform any procedures related to the Expanded Learning Opportunities Grant (ELO-G) due to Sky Mountain Charter School will be returning the funding received and will not have expenditures for this program.

We did not perform any procedures related to the Career Technical Education Incentive Grant because Sky Mountain Charter School does not receive state funding for this program.

We did not perform any procedures related to the In Person Instruction Grant because Sky Mountain Charter School does not receive state funding for this program.

We did not perform any procedures related to Mode of Instruction because Sky Mountain Charter School is 100.0 percent non-classroom based and did not report any site-based attendance.

We did not perform any procedures related to Annual Instructional Minutes – Classroom Based because Sky Mountain Charter School is 100.0 percent non-classroom based and did not report any site-based attendance.

We did not perform any procedures related to Charter School Facility Grant Program because Sky Mountain Charter School does not receive state funding for this program.

Opinion

In our opinion, Sky Mountain Charter School complied, in all material respects, with the compliance requirements referred to above that are applicable to state programs for the year ended June 30, 2022.

Teddensen & Company, LLP

Agoura Hills, California
November 28, 2022

SKY MOUNTAIN CHARTER SCHOOL

FINDINGS AND RECOMMENDATIONS SECTION

**FOR THE YEAR ENDED
JUNE 30, 2022**

SKY MOUNTAIN CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>Not Applicable</u>
Significant deficiency(ies) identified?	<u>Not Applicable</u>
Type of auditor’s report issued on compliance for major programs:	<u>Not Applicable</u>
Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)?	<u>Not Applicable</u>

Major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	<u>Not Applicable</u>
Auditee qualified as low-risk auditee?	<u>Not Applicable</u>

State Awards

Type of auditor’s report issued on compliance for state programs:	<u>Unmodified</u>
Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

SKY MOUNTAIN CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. All audit findings must be identified as one or more of the following categories:

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

There were no findings and questioned costs related to the basic financial statements, federal or state awards for the year ended June 30, 2022.

SKY MOUNTAIN CHARTER SCHOOL

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2022

<u>Finding</u>	<u>Code</u>	<u>Recommendation</u>	<u>Current Status</u>
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There were no findings and questioned costs related to the basic financial statements,
federal awards, or state awards for the prior year ended June 30, 2021.