

**Agenda Item 5.**

**ACTION ITEMS TO BE CONSIDERED**

**Subject:**

5.6 Approval of Financial Statements with Independent Auditor's Report for Fiscal Year 2021-2022 for NU-SCS

**Action Requested:**

Approval

**Previous Staff/Board Action, Background Information and/or Statement of Need:**

All districts and charter schools are required to hire an auditing firm to conduct an independent annual audit. This is the complete audit of all required areas, including budget, student records, personnel, payroll, purchasing, etc. This audit was previously completed, but needed to be redone due to determining that NU-SCS required a Single Audit due to receiving more than \$750,000 in one fiscal year.

**Fiscal Implications:**

None

**Contact Person/s:** Shari Lovett, Tammy Picconi

**NORTHERN UNITED – SISKIYOU CHARTER SCHOOL**

**County of Siskiyou  
Yreka, California**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2022**

**With**

**INDEPENDENT AUDITOR'S REPORT**

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

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NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

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NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Northern United - Siskiyou Charter School  
2120 Campton Road, Suite H  
Eureka, California 95503

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of Northern United - Siskiyou Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern United - Siskiyou Charter School (the "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 Opinions***

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 the 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 the 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.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

INDEPENDENT AUDITOR'S REPORT - CONTINUED

***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 opinions. 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 the 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 the 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 opinions on the financial statements as a whole. The accompanying schedule of activities - budget and actual, schedule of average daily attendance, schedule of instructional time, schedule of financial trends and analysis, schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and reconciliation of annual financial and budget report with audited financial statements 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 basic financial

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

INDEPENDENT AUDITOR'S REPORT - CONTINUED

statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, accompanying schedule of activities - budget and actual, the schedule of average daily attendance, the schedule of instructional time, the schedule of financial trends and analysis, the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the reconciliation of annual financial and budget report with audited financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Charter School Organization Schedule has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on the schedule.

**Emphasis of Matter**

As discussed in Note 14, the audited financial statements for the year ended June 30, 2022 have been reissued to include the required schedules, disclosures, and auditor's reports to reflect that the financial statements were subject to the Uniform Guidance for the year ended June 30, 2022.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2023, on our consideration of the 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 the 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 the Charter School's internal control over financial reporting and compliance.

*David L. Moonie & Co.*

CERTIFIED PUBLIC ACCOUNTANTS

Eureka, California

February 10, 2023, except as to Note 14, which is as of June 1, 2023

David L. Moonie & Co.,  
LLP

Digitally signed by David L.  
Moonie & Co., LLP  
Date: 2023.06.01 16:24:40 -07'00'

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

June 30, 2022

**ASSETS**

Cash	\$	1,254,766
Accounts receivable		243,973
Deposits		5,000
Total Current Assets		<u>1,503,739</u>
Leasehold improvements		77,215
Equipment		155,609
Less: accumulated depreciation		<u>(107,708)</u>
Total Capital Assets, Net of Depreciation		<u>125,116</u>
Total Assets	\$	<u><u>1,628,855</u></u>

**LIABILITIES**

Accounts payable	\$	172,576
Unearned revenue		96,062
Total Current Liabilities		<u>268,638</u>
Total Liabilities		<u>268,638</u>

**NET ASSETS**

Net assets without donor restrictions		1,150,301
Net assets with donor restrictions		209,916
Total Net Assets		<u>1,360,217</u>
Total Liabilities and Net Assets	\$	<u><u>1,628,855</u></u>

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



NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Local control funding formula	\$ 1,420,772		\$ 1,420,772
Federal grants and contracts	233,202		233,202
Other state grants and contracts	42,106	\$ 159,756	201,862
Other local	152,461		152,461
Net assets released from restrictions	41,886	(41,886)	-
Total revenues	<u>1,890,427</u>	<u>117,870</u>	<u>2,008,297</u>
Expenses:			
Program services:			
Instruction	1,049,622		1,049,622
Instruction-related services	353,769		353,769
Pupil services	94,657		94,657
Plant services	230,935		230,935
Supporting services:			
General administration	93,737		93,737
Total expenses	<u>1,822,720</u>	<u>-</u>	<u>1,822,720</u>
Change in Net Assets	67,707	117,870	185,577
Beginning Net Assets	<u>1,082,594</u>	<u>92,046</u>	<u>1,174,640</u>
Ending Net Assets	<u>\$ 1,150,301</u>	<u>\$ 209,916</u>	<u>\$ 1,360,217</u>

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

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2022

	Program Services				Support Services	Total
	Instruction	Instruction Related	Pupil Services	Plant Services	Management and General	
Expenses:						
Certificated Salaries	\$ 407,768	\$ 48,487				\$ 456,255
Classified Salaries	127,208	81,400		\$ 14,130		222,738
Employee Benefits	218,207	47,452		1,296		266,955
Books and supplies	83,056	4,709	\$ 1,863	10,952	\$ 75	100,655
Services and other operating expenses	201,248	171,721	68,523	197,170	93,662	732,324
Depreciation	6,851		24,271	7,387		38,509
Other outgo	5,284					5,284
Total expenses	<u>\$ 1,049,622</u>	<u>\$ 353,769</u>	<u>\$ 94,657</u>	<u>\$ 230,935</u>	<u>\$ 93,737</u>	<u>\$ 1,822,720</u>

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

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2022

Cash Flows From Operating Activities:

Change in Net Assets	\$ 185,577
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities	
Depreciation	38,509
(Increase) decrease in accounts receivable	465,732
Increase (decrease) in accounts payable	90,017
Increase (decrease) in unearned revenue	(15,110)
Total Adjustments	<u>579,148</u>
Net Cash Provided (Used) by Operating Activities	<u>764,725</u>

Cash Flows From Investing Activities:

Net Cash Provided (Used) by Investing Activities	<u>-</u>
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Cash Flows From Financing Activities:

Principal payments on debt	<u>(344,530)</u>
Net Cash Provided (Used) by Financing Activities	<u>(344,530)</u>

Net Increase (Decrease) In Cash and Cash Equivalents	420,195
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Cash and Cash Equivalents at Beginning of Year	<u>834,571</u>
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Cash and Cash Equivalents at End of Year	<u>\$ 1,254,766</u>
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There were no non-cash activities during the year.

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

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Northern United - Siskiyou Charter School (the Charter School) is presented to assist in understanding the Charter School's financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Nature of Activities and Reporting Entity

Northern United - Siskiyou Charter School is a public charter school chartered by the Siskiyou County Office of Education on February 21, 2018, and governed by Northern United Charter School, a non-profit corporation. Northern United Charter School also governs one other charter school, the Northern United – Humboldt Charter School. These financial statements report on only the activities and net assets of the Northern United – Siskiyou Charter School.

The Charter School is supported primarily through local control funding formula apportionments based on pupil attendance, and federal and state grants for educational purposes.

The mission of Northern United - Siskiyou Charter School, in partnership with parents and community, is to engage all students in a comprehensive education, preparing them to be confident, competent and proactive citizens in a diverse society.

Basis of Accounting

The financial statements of the Charter School have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether these support and revenues or expenses were received or paid as of the end of a period. The accounting period is from July 1, 2021 to June 30, 2022.

Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated acquisition value at the date of donation. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. The Charter School's capitalization threshold is \$5,000. Equipment is estimated to have useful lives ranging from five to seven years, and site and building improvements are estimated to have useful lives of 10 to 50 years. The Charter School has not adopted a policy for implying time restrictions on contributions of long-lived assets. As of June 30, 2022, the Charter School has received no contributions of long-lived assets.

Budgets and Budgetary Accounting

Charter schools are required by California Education Code Section 47604.33 to submit budgets to their chartering agency for review by July 1 of each year. The Charter School's governing board satisfied these requirements.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For The Year Ended June 30, 2022

Donated Materials and Services

Donated equipment and other noncash donations are recorded as contributions at their estimated acquisition value at their date of donation. Northern United - Siskiyou Charter School reports the donations as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used.

Donated services are recognized as contributions in accordance with ASC 958-605 and subsections, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Charter School.

In the year ended June 30, 2022, there were no material donated materials or services.

Use of Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of providing various 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.

Cash and Cash Equivalents

The Charter School considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Tax Exempt Status

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation, and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for the year ended June 30, 2019 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits,

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For The Year Ended June 30, 2022

the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

Revenue and Support With and Without Donor Restrictions

Support received is recorded as an increase in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a 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. Restricted support whose restrictions are met in the same reporting period are recorded as support without restrictions.

Grants and Accounts Receivable

Management considers grants and accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Grant Revenue Recognition

Grant awards accounted for as exchange transactions are reported as an increase in net assets without donor restrictions when the revenue is earned. Grant awards accounted for as contributions are recognized as an increase in net assets with donor restrictions when received and are reclassified to net assets without donor restrictions when donor restrictions have been satisfied.

Unearned Revenue

Unexpended grant awards accounted for as exchange transactions are recorded as unearned revenue until expended, at which time they are recognized as revenue.

Net Assets

The Charter School's net assets consist of the following components:

Net Assets With Donor Restrictions: - net assets with donor-imposed purpose or time restrictions.

Net Assets Without Donor Restrictions: - net assets without donor restrictions represents total net assets not subject to purpose or time restrictions.

There were no board designations of net assets without donor restrictions.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For The Year Ended June 30, 2022

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Charter School.

Shipping and Handling Costs

Shipping and handling costs are included in expense as they are incurred.

Advertising Costs

Advertising costs are expensed as incurred. There were no advertising costs for the year ended June 30, 2022.

Risk Management

Northern United - Siskiyou Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters, for which the Charter School carries insurance provided by Joint Powers Authorities.

Local Control Funding Formula/Property Taxes

The Charter School's local control funding formula ("LCFF") is received from a combination of local property taxes, state apportionments, and other local sources.

The County of Siskiyou is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County of Siskiyou apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll-approximately October 1 of each year.

The County Auditor-Controller reports the amount of the Charter School's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the Charter School.

The California Department of Education reduces the Charter School's entitlement by the Charter

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For The Year Ended June 30, 2022

School's local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The Charter School's base LCFE is the amount of general purpose tax revenue, per average daily attendance (ADA), that the Charter School is entitled to by law. This amount is multiplied by the second period ADA to derive the Charter School's total entitlement.

New Accounting Pronouncements

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization's financial statements for the year ending June 30, 2023.

2. Cash and Investments

Cash on hand and in banks at June 30, 2022 consisted of the following:

Statement of financial position:

Pooled Cash in County Treasury	<u>\$ 1,254,766</u>
Total Cash and Investments	<u>\$ 1,254,766</u>

There were no cash balances held in banks during the year ended June 30, 2022.

In accordance with Education Code Section 41001, the Charter School maintains substantially all of its cash in the Siskiyou County Treasury as part of the common investment pool. The County is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. Government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Fair Value Measurements

The Charter School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

Level 1 - inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs include:

- a) Quoted prices for similar assets or liabilities in active markets;



NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For The Year Ended June 30, 2022

- b) Quoted prices for identical assets or liabilities in inactive markets;
- c) Inputs other than quoted prices that are observable for the asset or liability;
- d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are significant unobservable inputs.

As of June 30, 2022, the Charter School held no individual investments. The Charter School's fair value measurements were as follows at June 30, 2022:

Investment Type	Fair Value	Level
Pooled Cash in County Treasury	\$ 1,251,880	2

The Charter School has not recorded fair value adjustments in the basic financial statements as they were determined to be immaterial to the Charter School.

Credit Risk - Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The County Treasurer's investments consist of government agencies, certificates of deposit, California Asset Management Program, percent corporate notes, and California State Treasurer's local agency investment fund. The S & P credit ratings for these investments include Aaa, Aa3 and non-rated for certificates of deposit, the California Asset Management Program, and the California State Treasurer's local agency investment fund.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Charter School will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of a failure of the counter party (e.g. broker-dealer) to a transaction, the Charter School will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Neither the California Government Code nor the County's investment policy contains legal or policy requirements that would limit the Charter School's exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Charter School deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2022, none of the Charter School's deposits were exposed to custodial credit risk.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 For The Year Ended June 30, 2022

Interest Rate Risk – Investments

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. One of the ways the County of Siskiyou Treasurer manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so a portion of its portfolio is maturing or coming close to maturity to ensure the cash flow and liquidity of operations. Information on the weighted average maturity of the County of Siskiyou Treasurer's investments was not available prior to the issuance of the Charter School's audited financial statements.

3. Liquidity and Availability of Resources

At June 30, 2022, the Charter School had \$1,020,185 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenses, as follows:

	<u>June 30,</u> <u>2022</u>
Financial assets at year end:	
Cash and cash equivalents	\$ 1,254,766
Grants and accounts receivable	243,973
Total Financial Assets at Year End	<u>1,498,739</u>
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions	
Accounts payable and accrued liabilities	(172,576)
Unearned revenue	(96,062)
Restricted time or purpose restrictions	<u>(209,916)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,020,185</u>

The Charter School does not have a formal liquidity management policy. However, the Charter School does review its projected long-term cash needs, and maintains a significant reserve for long-term needs. The Board has adopted a minimum reserve level of 10% of annual expenditures.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 For The Year Ended June 30, 2022

4. Grants and Accounts Receivable

Receivables at June 30, 2022 consist of the following:

Federal Government:	
Federal Programs	\$ 55,066
State Government:	
Categorical Aid Programs	13,712
LCFF	22,512
Lottery	4,781
Total State Government	41,005
Local Government:	
Other	146,070
Interest	1,832
Total Local Government	147,902
Total Receivables	\$ 243,973

All receivables are expected to be realized in one year or less.

5. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Site and improvements	\$ 77,215			\$ 77,215
Equipment	155,609			155,609
Total capital assets	232,824	-	-	232,824
Less: accumulated depreciation for:				
Improvements	13,508	\$ 7,387		20,895
Equipment	55,691	31,122	-	86,813
Total accumulated depreciation	69,199	38,509	-	107,708
Total capital assets, net	\$ 163,625	\$ (38,509)	\$ -	\$ 125,116

Depreciation was charged to function as follows:

Instruction	\$ 6,851
Pupil services	24,271
Plant services	7,387
	\$ 38,509

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For The Year Ended June 30, 2022

6. Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System.

**State Teachers' Retirement System (STRS)**

Plan Description and Provisions

The Charter School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report can be found on the CalSTRS website.

Funding Policy

Active plan members are required to contribute 10.25 percent or 10.205 percent of their salary, depending on whether they are member under the CalSTRS 2% at 60 plan or the CalSTRS 2% at 62 plan, respectively. The required employer contribution rate for fiscal year 2021-2022 was 16.92 percent of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter School's contributions to STRS for the fiscal years ending June 30, 2022, 2021, and 2020 were \$75,358, \$79,990, and \$79,731, respectively, and equal 100 percent of the required contributions for each year.

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

Plan Description

The Charter School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained at CalPERS' website under "Forms and Publications".

Funding Policy

Active plan members are required to contribute 7.0 percent (7.0 percent of monthly salary over \$133.33 if the member participates in Social Security) for members of both the Classic Member Plan or the PEPRM Member Plan. The Charter School is required to contribute an actuarially

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 For The Year Ended June 30, 2022

determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021-2022 was 22.91 percent of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter School's contributions to CalPERS for the fiscal year ending June 30, 2022, 2021, and 2020 were \$23,036, \$28,176, and \$33,067, respectively, and equal 100 percent of the required contribution for each year.

7. Short-term Obligations

The Charter School's short-term debt activity for the year ended June 30, 2021 was as follows:

	Balance, 6/30/21	Increase	Decrease	Balance, 6/30/22
Revenue anticipation note	\$ 344,530		\$ 344,530	\$ -
Total	\$ 344,530	\$ -	\$ 344,530	\$ -

The purpose of the short-term borrowing was to fund ongoing operations of the Charter School. The borrowing was necessary due to the State's deferral of a portion of the Charter School's 2020-2021 local control funding formula apportionment from 2020-2021 to 2021-2022.

The debt was repaid directly from the Charter School's 2021-2022 local control funding formula apportionments.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 were as follows:

Child Nutrition Program	\$ 948
Educator Effectiveness	33,821
Lottery - Instructional Materials	31,533
A-G Completion Grant - Access/Success	56,250
A-G Completion Grant - Learning Loss Mitigation	56,250
Expanded Learning Opportunities	29,803
Expanded Learning Opportunities: Paraprofessional	896
Local Grants	415
Total	\$ 209,916

As net assets with donor restrictions are expended, the net assets are recognized as unrestricted revenue.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For The Year Ended June 30, 2022

Releases of restrictions for net assets with donor restrictions for the year ended June 30, 2022 were as follows:

Lottery - Instructional Materials	\$ 1,524
Expanded Learning Opportunities	30,235
Expanded Learning Opportunities: Paraprofessionals	9,769
Local Grants	358
Total	\$ 41,886

9. Joint Powers Agreement

The Charter School participates in two joint ventures under joint powers agreements (JPAs): the North Coast Schools' Medical Insurance Group and the California Charter School Joint Powers Authority (CharterSAFE).

California Charter School Joint Powers Authority (CharterSAFE) - CharterSAFE arranges for and provides workers compensation and property and liability insurance for its members: independent charter schools in California. CharterSAFE is governed by a commission composed of one representative from each member agency. CharterSAFE is independent of any influence by the member charter schools beyond their representation on the commission. Each member charter school pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in CharterSAFE.

North Coast Schools' Medical Insurance Group (NCSMIG) - The NCSMIG arranges for and provides medical, dental and vision insurance for its members. The NCSMIG is governed by a board of directors composed of representatives from member school districts and charter schools which have one hundred or more insured lives and one representative for those members with less than one hundred insured lives. The Board controls the operations of the NCSMIG including selection of management and approval of operating budgets. NCSMIG is independent of influence by the member school districts and charter schools beyond their representation on the Board. Each member school district and charter school pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the NCSMIG.

The following is a summary of financial information for CharterSAFE and NCSMIG at June 30, 2021 (the most recent information provided to us):

	NCSMIG	CharterSAFE
Total assets	\$ 13,812,004	\$ 41,700,976
Total liabilities	4,503,657	23,137,342
Total net position	\$ 9,308,347	\$ 18,563,634
Total revenues	\$ 49,653,481	\$ 35,510,180
Total expenses	44,851,666	24,122,451
Change in net position	\$ 4,801,815	\$ 11,387,729

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For The Year Ended June 30, 2022

10. Federal and State Revenue

For the year ended June 30, 2022, the Charter School was primarily funded through the LCFE and was additionally funded through the following grants:

Federal and State Categorical Programs

Northern United - Siskiyou Charter School recognized the following grants and contracts passed through the California Department of Education:

Federal Programs

CARES Act, ESSER Funds	\$ 21,088
CARES Act, ESSER II Funds	48,199
CARES Act, ESSER III Funds	36,247
CARES Act, ESSER III Expanded Learning Opportunities, State Reserve for Emergency Need	115
CARES Act, ESSER II Expanded Learning Opportunities, State Set Aside	224
Expanded Learning Opportunities, GEER II	4,043
Forest Reserve Funds	22,133
NCLB: Title I, Part A	84,146
NCLB: Title II Part A, Teacher Quality	6,821
ESEA Title IV, Student Support	<u>10,186</u>
Total Federal	<u>\$ 233,202</u>

State Programs

Educator Effectiveness	42,276
A-G Completion Grant - Access/Success	56,250
A-G Completion Grant - Learning Loss Mitigation	56,250
State Lottery	21,795
State Learning Loss Mitigation - prior year revenue	13,017
Lottery Instructional Materials	7,749
Expanded Learning Opportunities Grant	(29)
State Mandated Costs Block Grant	<u>4,554</u>
Total State	<u>\$201,862</u>

11. Risk Management

The Charter School is exposed to various risks of loss related to torts, theft or destruction of assets, errors and omissions, and natural disasters. The Charter School participates in Joint Powers Agreements for property, liability, and workers' compensation insurance. There have been no significant reductions in insurance coverage. For the past year settlements did not exceed insurance coverage.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For The Year Ended June 30, 2022

12. Commitments and Contingencies

State and Federal Allowances, Awards and Grants

The Charter School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

13. Related Party Transactions

The Charter School and Northern United - Humboldt Charter School are both governed by Northern United Charter School, an independent nonprofit entity. Both schools share some administrative staff. The payroll and benefits for that shared staff is reported by Northern United - Humboldt, and Northern United - Siskiyou reimburses Northern United - Humboldt for their share of the payroll and benefits. For the year ended June 30, 2022, the total paid to Northern United - Humboldt was \$335,203, including accounts payable at June 30, 2022 of \$158,613.

14. Subsequent Events

The Charter School has evaluated events through February 10, 2023, except for events related to the matter described in the following paragraph related to the reissuance of the financial statements, which were evaluated through May 24, 2023, the date on which the reissued financial statements were available to be issued. One significant subsequent event was noted.

The audited financial statements for the year ended June 30, 2022 have been reissued to reflect that, due to the combined total of federal expenditures for the Northern United – Siskiyou Charter School and the Northern United – Humboldt Charter School being over \$750,000, the financial statements were subject to 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). The changes to the originally issued financial statement are as follows:

1. The auditor's report has been revised to include reference to the Schedule of Expenditures of Federal Awards in the supplementary information section.
2. The Schedule of Expenditures of Federal Awards and the related notes have been added to the supplementary information section of the financial statements.
3. The Report on Major Programs has been added to the Other Auditors Report section of the financial statements.
4. A summary page has been added in the Schedule of Findings and Questioned Costs.

This reissuance did not result in any changes to the auditor's opinion on the financial statements, the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements in Accordance, the Independent Auditor's Report on State Compliance, or the audit findings and questioned costs.



SUPPLEMENTARY INFORMATION

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

SCHEDULE OF ACTIVITIES  
BUDGET AND ACTUAL

For The Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive - (Negative)</u>
<b>Revenues:</b>			
Local control funding formula	\$ 1,423,636	\$ 1,420,772	\$ (2,864)
Federal revenues	639,089	233,202	(405,887)
Other state revenues	190,246	201,862	11,616
Other local revenues	74,166	152,461	78,295
<b>Total revenues</b>	<u>2,327,137</u>	<u>2,008,297</u>	<u>(318,840)</u>
<b>Expenses:</b>			
Certificated Salaries	518,040	456,255	61,785
Classified Salaries	239,461	222,738	16,723
Employee Benefits	354,481	266,955	87,526
Books and supplies	258,882	100,655	158,227
Services and other operating expenses	1,248,721	732,324	516,397
Depreciation		38,509	(38,509)
Other outgo	21,618	5,284	16,334
<b>Total expenses</b>	<u>2,641,203</u>	<u>1,822,720</u>	<u>818,483</u>
<b>Change in Net Assets</b>	(314,066)	185,577	499,643
<b>Net Assets, July 1, 2021</b>	<u>1,174,640</u>	<u>1,174,640</u>	<u>-</u>
<b>Net Assets, June 30, 2022</b>	<u>\$ 860,574</u>	<u>\$ 1,360,217</u>	<u>\$ 499,643</u>

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

ORGANIZATION

June 30, 2022

Northern United - Siskiyou Charter School services kindergarten through grade 12, and was granted its charter by the Siskiyou County Office of Education on February 21, 2018.

The Board of Directors for the fiscal year ended June 30, 2022 was composed of the following members, with terms expiring as follows:

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jere Cox	President	December 2024
Bianca Garza	Vice-President	December 2023
Rosemary Kunkler	Member	December 2024
Melissa Johnson	Member	December 2024
Aime Snider	Member (Appointed 1/19/22)	December 2023
Jeff Lanphere	Member (Resigned 11/10/21)	

ADMINISTRATION

Shari Lovett  
Executive Director

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For The Year Ended June 30, 2022

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary:		
Total Kindergarten through Grade 3	25.04	24.96
Classroom-based ADA included in total	-	-
 Total Grades 4 through 6	 29.80	 29.59
Classroom-based ADA included in total	-	-
 Total Grades 7 and 8	 15.75	 16.34
Classroom-based ADA included in total	-	-
 Total Elementary School	 <u>70.59</u>	 <u>70.89</u>
Classroom-based ADA included in total	-	-
 High School		
Total Grades 9 through 12	46.33	46.82
Classroom-based ADA included in total	-	-
 Total High School	 <u>46.33</u>	 <u>46.82</u>
Classroom-based ADA included in total	-	-
 Total Elementary and High School	 <u>116.92</u>	 <u>117.71</u>
Classroom-based ADA included in total	-	-

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

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

SCHEDULE OF INSTRUCTIONAL TIME

For The Year Ended June 30, 2022

<u>Grade Level</u>	<u>Instructional Minutes Requirement</u>	<u>2021-22 Instructional Minutes Offered Minutes</u>	<u>Instructional Days Offered Traditional Calendar *</u>	<u>Status</u>
--------------------	--	--	--	---------------

The Northern United - Siskiyou Charter School received no funding for classroom-based instruction. Therefore this schedule does not apply.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For The Year Ended June 30, 2022

	For The Year Ended			
	Budget 6/30/2023	6/30/2022	6/30/2021	6/30/2020
Revenues and other financial sources	\$ 2,836,711	\$ 2,008,297	\$ 1,814,631	\$ 2,175,419
Expenditures	3,386,910	1,822,720	1,644,029	2,052,005
Total Outgo	3,386,910	1,822,720	1,644,029	2,052,005
Change in Net Assets	\$ (550,199)	\$ 185,577	\$ 170,602	\$ 123,414
Ending Net Assets	\$ 810,018	\$ 1,360,217	\$ 1,174,640	\$ 1,004,038
Available Undesignated Reserves	\$ 662,073	\$ 1,150,301	\$ 1,082,594	\$ 987,092
Designated for Economic Uncertainties	\$ -	\$ -	\$ -	\$ -
Undesignated Net Assets	\$ 662,073	\$ 1,150,301	\$ 1,082,594	\$ 987,092
Available Reserves as a Percentage of Total Outgo	19.55%	63.11%	65.85%	48.10%
Total Long-Term Debt	\$ -	\$ -	\$ -	\$ -
Average Daily Attendance at P-2	103	117	139	139

This schedule discloses the Charter School's financial trends by displaying past years' data along with current budget information. These financial trend disclosures are used to evaluate the Charter School's ability to continue as a going concern for a reasonable amount of time.

Net assets have increased \$356,179 over the past two years. The fiscal year 2022-2023 budget projects a decrease of \$550,199 (40.45%). For a school this size, the State recommends available reserves of at least five percent of total expenditures, transfers out, and other uses (total outgo), or \$71,000, whichever is greater.

The Charter School has not incurred an operating deficit in any of the last three years, but does anticipate incurring an operating deficit during the 2022-2023 fiscal year. The Charter School had no long-term debt over the past three years. However, the Charter School did have an outstanding balance of \$344,530 for a short-term revenue anticipation note as of June 30, 2021. That note was paid in full during 2021-2022.

ADA decreased by 22 over the prior two years. The Charter School anticipates a decrease of 14 ADA during the fiscal year 2022-23.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>Federal Programs:</b>			
<b>U.S. Department of Education:</b>			
Passed through California Department of Education (CDE):			
Elementary and Secondary School Emergency Relief (ESSER) - Covid19	84.425D	15536	\$ 21,088
Elementary and Secondary School Emergency Relief (ESSER II) - Covid19	84.425D	15547	48,198
Elementary and Secondary School Emergency Relief (ESSER III) - Covid19	84.425U	15559	36,247
Elementary and Secondary School Emergency Relief (ESSER II) - Expanded Learning Opportunity State Reserve - Covid19	84.425D	15618	224
Expanded Learning Opportunity GEER II - Covid19	84.425C	15619	4,043
Elementary and Secondary School Emergency Relief (ESSER III) Expanded Learning Opportunity State Reserve, Emergency Needs - Covid19	84.425U	15620	115
Total Education Stabilization Funds, Assistance Listing 84.425			<u>109,915</u>
ESEA: Title I, Part A, Basic Grants	84.010	14329	84,146
ESEA: Title II, Part A, Supporting Effective Instruction	84.367	14341	6,821
ESEA: Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	10,186
Total Passed Through California Department of Education (CDE)			<u>211,068</u>
Total U.S. Department of Education			<u>211,068</u>
<b>U.S. Department of Agriculture:</b>			
Passed through California Department of Education (CDE):			
Forest Reserve Funds	10.665	10044	22,133
Total Passed Through California Department of Education (CDE)			<u>22,133</u>
Total U.S. Department of Agriculture			<u>22,133</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 233,201</u>

The accompanying notes are an integral part of this schedule.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Northern United – Siskiyou Charter School and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

The District did not use the ten percent de minimis indirect cost rate.

2. Total Federal Expenditures

The Northern United - Siskiyou Charter School's Schedule of Expenditures of Federal Awards presents the federal awards for just the Northern United - Siskiyou Charter School. The Northern United - Siskiyou Charter School and the Northern United - Humboldt Charter School are both governed by, and share the federal identification number with, the Northern United Charter Schools. Therefore the total federal expenditures of both schools are combined in determining the applicability of the Uniform Guidance to each school. The federal expenditures of each school was as follows for the year ended June 30, 2022:

Northern United - Siskiyou Charter School	\$ 233,201
Northern United - Humboldt Charter School	<u>955,567</u>
Total	<u>\$1,188,768</u>

The combined total of federal expenditures is over \$750,000, therefore Northern United -- Siskiyou Charter School is subject to the Uniform Guidance.



NORTHERN UNITED - SISKIYOU 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 Net Assets	\$ 1,212,273
<u>Adjustments and Reclassifications</u>	
Increasing and (Decreasing) Net Assets -	
Increase capital assets	163,625
Increase accounts receivable	30,966
Decrease accounts payable	17,166
Increase depreciation expense	(38,509)
Decrease prepaid expense	(4,683)
Increase health and welfare benefits payable	(23,990)
Decrease miscellaneous voluntary deductions	3,370
Rounding	(1)
	<hr/>
June 30, 2022 Audited Financial Statements Net Assets	<u><u>\$ 1,360,217</u></u>

OTHER AUDITOR'S REPORTS

Mark G. Wetzel, CPA  
Michael R. Cline, CPA  
Aaron S. Weiss, CPA



Matthew J. Hight, CPA  
Lindsey S. Grossman, CPA

DAVID L. MOONIE & CO., LLP  
*Certified Public Accountants*

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

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

Board of Directors  
Northern United - Siskiyou Charter School  
2120 Campton Road, Suite H  
Eureka, California 95503

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 the Northern United - Siskiyou Charter School (the "Charter School"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS -  
CONTINUED

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-001, that we consider to be a significant deficiency.

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

As part of obtaining reasonable assurance about whether the 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 results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Findings 2022-002.

### **Charter School's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Charter School's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Charter School's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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

*David L. Moonie + Co.*

CERTIFIED PUBLIC ACCOUNTANTS

Eureka, California

February 10, 2023, except as to Note 14, which is as of June 1, 2023

Mick G. Weizel, CPA  
Michael R. Cline, CPA  
Aaron S. Weiss, CPA



DAVID L. MOONIE & CO., LLP  
*Certified Public Accountants*

Matthew J. Hague, CPA  
Lindsay S. Grossman, CPA

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors  
Northern United - Siskiyou Charter School  
2120 Campton Road, Suite H  
Eureka, California 95503

**Report on Compliance**

***Opinion***

We have audited the Northern United - Siskiyou Charter School's (the "Charter School") compliance with the requirements specified in the *2021-22 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel, that are applicable to the District's educational programs for the year ended June 30, 2022.

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

***Basis for Opinions***

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 requirements of the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 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 opinion on the compliance requirements referred to above. Our audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the applicable compliance requirements, and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Charter School's State programs.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE – CONTINUED

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with applicable compliance requirements occurred, whether due to fraud or error, and to express an opinion on the Charter School's compliance based on the compliance 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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance 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. Noncompliance with the applicable compliance requirements 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 Charter School's compliance with the requirements of the State programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, our responsibilities are to:

- 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 Charter School's compliance with the compliance requirements referred to above and performing such other procedures as the auditor considers necessary in the circumstances;
- Obtain an understanding of the 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 *2021-22 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 Charter School's internal controls over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the Charter School's compliance with the State laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Not applicable
Teacher certification and misassignments	Not applicable
Kindergarten Continuance	Not applicable
Independent study	Not applicable
Continuation education	Not applicable
Instructional Time	Not applicable
Instructional Materials	Not applicable
Ratio of Administrative Employees to Teachers	Not applicable

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE – CONTINUED

<u>Description</u>	<u>Procedures Performed</u>
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive Program	Not applicable
GANN Limit Calculation	Not applicable
School Accountability Report Card	Not applicable
Juvenile Court Schools	Not applicable
Middle or Early College High School	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
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Not applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
In Person Instruction Grant	Yes
<b>Charter Schools</b>	
Attendance	Yes
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

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.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the California Education Audit Appeals Panel's *2021-22 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-002. Our opinion on the Charter School's compliance with the requirements specified in the *2021-22 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* is not modified with respect to this matter.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE – CONTINUED

**Charter School's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Charter School's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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 the compliance requirements referred to above 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 the compliance requirements referred to above 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 the compliance requirement referred to above 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 specified in the *2021-22 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

David L. Moonie + Co.  
CERTIFIED PUBLIC ACCOUNTANTS

Eureka, California

February 10, 2023, except as to Note 14, which is as of June 1, 2023



Mark G. Wetzel, CPA  
Michael R. Clune, CPA  
Aaron S. Weiss, CPA



DAVID L. MOONIE & CO. LLP  
*Corporate Public Accountants*

Matthew J. Hagar, CPA  
Lindsay S. Grossman, CPA

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

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

Board of Directors  
Northern United - Siskiyou Charter School  
2120 Campton Road, Suite H  
Eureka, California 95503

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

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

We have audited Northern United - Siskiyou Charter School's (the "Charter School") 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 the Charter School's major federal programs for the year ended June 30, 2022. The 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, the 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 the 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 the Charter School's compliance with the compliance requirements referred to above.

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

***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 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 the 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 the 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 the 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 the 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 the 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.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

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

**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.

*David L. Moonie + Co.*

CERTIFIED PUBLIC ACCOUNTANTS

Eureka, California

June 1, 2023

**FINDINGS AND QUESTIONED COSTS**

NORTHERN UNITED - SISKIYOU 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: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) 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 the Uniform Guidance Section 200.516(a) No

Identification of major programs:

Federal Assistance

<u>Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Elementary and Secondary School Emergency Relief (ESSER) - Covid19
84.425D	Elementary and Secondary School Emergency Relief (ESSER II) - Covid19
84.425U	Elementary and Secondary School Emergency Relief (ESSER III) - Covid19
84.425D	Elementary and Secondary School Emergency Relief (ESSER II) Expanded Learning Opportunities State Reserve - Covid19
84.425U	Elementary and Secondary School Emergency Relief (ESSER III): Expanded Learning Opportunities, State Reserve, Emergency Needs - Covid19
84.425C	Expanded Learning Opportunities GEER II - Covid 19

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? No

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

Section I – Financial Statement Findings

2022-001: LATE FILING OF AUDIT REPORT (CODE 30000)

Criteria

Education Code Section 41020(h) provides that not later than December 15 an audit report for the preceding fiscal year is to be filed with the County Superintendent of Schools, the California Department of Education, and the State Controller's Office.

Condition

The Charter School and the Charter School's auditor were not able to complete and finalize the audit report by the December 15 deadline. The Charter School requested and obtained approval for an extension to January 31, 2022 to file the audit report.

Identification of Repeat Finding

This is a repeat of prior year Audit Finding 2021-001.

Effect

The County Superintendent of Schools, the Department of Education, and the State Controller's Office received the report after the initial December 15, 2022 deadline.

Cause

Cumulative prior year delays related to Covid-19 carried over into the 2021-22 audit schedule, making it difficult for the auditor to complete the audit report by the December 15 due date.

Recommendation

We recommend that the Charter School and the auditor work closely in the future to plan for a timely filing of the audit.

Views of Responsible Officials and Planned Corrective Actions

The Charter School agrees to the recommendation and will adhere to the corrective action plan described in the "Charter School's Corrective Action Plan" section immediately following this section of the audit report.

Section II – Federal Award Findings and Questioned Costs

None reported.

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

Section III – State Award Findings and Questioned Costs

2022-002: UNDUPLICATED PUPIL COUNTS (CODE 40000)

Criteria

Pursuant to Education Code Section 42238.02(b)(2), the Charter School is required to annually submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the State Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS). This information is used to determine the Charter School's unduplicated pupil count. Unduplicated pupil means a pupil enrolled in a school Charter School or a charter school who is either classified as an English learner, eligible for a free or reduced-price meal, or is a foster youth. A pupil is counted only once if they qualify under multiple categories. The unduplicated pupil count is used in the calculation of the Charter School's apportionment from the local control funding formula. The count is documented in CALPADS Forms 1.17 and 1.18.

Condition

During our testing of the unduplicated student counts we noted one student listed as qualifying for free/reduced meals who did not qualify, but also noted three students who did qualify for free/reduced meals and who were not included in the unduplicated count. Our sample included 100 percent of the population of students claimed as free/reduced price meals and English language funding eligible. The net adjustment required to the unduplicated count is an increase of 2.

Effect

The Charter School's unduplicated student count was understated by 2 students. Increasing the unduplicated count by 2 results in an increase in the revenue from the local control funding formula in the amount of \$1,000. Following is a schedule of the reported and audited counts.

	Unduplicated Pupil Count					
	Increase (Decrease) to Unduplicated					
	Pupil Count Based on Adjustments of:					
	Certified Total Unduplicated Pupil Count	Eligibility For Free/ Reduced Price Meals (FRPM)	Eligibility for English Learner Funding (EL)	Eligibility For Both FRPM and EL	Adjusted Total Unduplicated Pupil Count	Total Enrollment Certified Total Enrollment Count
Charter School Total	97	2		99	120	120
Schools Tested:						
Northern United - Siskiyou	97	2		99	120	120

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

Cause

Clerical error.

Recommendation

We recommend that the Charter School ensure that free/reduced meals applications are on hand for all students included in the CALPADS Forms 1.18 and 1.17, and carefully compare qualifying free/reduced applications to the CALPADS unduplicated count to ensure all qualifying students are included.

Views of Responsible Officials and Planned Corrective Action

The Charter School agrees and will adhere to the corrective action plan described in the "Charter School's Corrective Action Plan" section immediately following this section of the audit report.





# Northern United - Siskiyou Charter School

*Learning Today, Leading Tomorrow*

423 S. Broadway  
Yreka, California 96097  
Ph#: 530-842-4509  
Fax#: 530-842-3226  
· nucharters.org

## School Director

Shari Lovett

## Board of Directors

Rosemary Kunkler - President  
Bianca Garza - Vice President  
Jere Cox  
Melissa Johnson  
Aime Snider

## CHARTER SCHOOL'S CORRECTIVE ACTION PLAN

### 2022-001: LATE FILING OF AUDIT REPORT (CODE 30000)

Name of contact person: Shari Lovett, School Director

Corrective Action: Northern United – Siskiyou Charter School's School Director and the auditor will work closely in the future to plan for a timely filing of the audit.

Proposed Completion Date: February 2, 2023

### 2022-002: UNDUPLICATED PUPIL COUNTS (CODE 40000)

Name of contact person: Shari Lovett, School Director

Corrective Action: The specific students' free/reduced status was updated in CalPads and in the school's information system to ensure accurate eligibility. The Food Services Coordinator will ensure that free/reduced meals applications are on and for all students included in the CalPads reports 1.17 and 1.18 and carefully compare qualifying free/reduced applications to the CalPads unduplicated count to ensure all qualifying students are included.

Proposed Completion Date: February 2, 2023

NORTHERN UNITED - SISKIYOU CHARTER SCHOOL

SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2022

2021-001: LATE FILING OF AUDIT REPORT (CODE 30000)

Condition

Prior to the initial January 31, 2022 deadline, the Charter School obtained an extension until February 28, 2022 to file the audit report. The Charter School's audit report was filed in early April 2022.

Recommendation

We recommend that the Charter School and the auditor work closely in the future to plan for a timely filing of the audit.

Current Status

Not implemented, see current year Finding 2022-001.

**Agenda Item 5.**

**ACTION ITEMS TO BE CONSIDERED**

**Subject:**

5.7 Approval of Financial Statements with Independent Auditor's Report for Fiscal Year 2021-2022 for NUCS

**Action Requested:**

Approval

**Previous Staff/Board Action, Background Information and/or Statement of Need:**

All districts and charter schools are required to hire an auditing firm to conduct an independent annual audit. This is the complete audit of all required areas, including budget, student records, personnel, payroll, purchasing, etc. This is the audit report of the two schools combined.

**Fiscal Implications:**

None

**Contact Person/s:** Shari Lovett, Tammy Picconi

**NORTHERN UNITED CHARTER SCHOOLS**

**County of Humboldt  
Eureka, California**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2022**

**With**

**INDEPENDENT AUDITOR'S REPORT**

NORTHERN UNITED CHARTER SCHOOLS

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June 30, 2022

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NORTHERN UNITED CHARTER SCHOOLS

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Mark G. Werzel, CPA  
Michael R. Clouse, CPA  
Aaron S. Weiss, CPA



DAVID L. MOONIE & CO., LLP  
*Certified Public Accountants*

Matthew J. Hague, CPA  
Lindsey S. Grossman, CPA

NORTHERN UNITED CHARTER SCHOOLS

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Northern United Charter Schools  
2120 Campton Road, Suite H  
Eureka, California 95503

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of Northern United Charter Schools (a nonprofit 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 Northern United Charter Schools (the "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 Opinions***

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 the 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 the 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.

NORTHERN UNITED CHARTER SCHOOLS

INDEPENDENT AUDITOR'S REPORT - CONTINUED

***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 opinions. 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 the 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 the 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.

***Other Matter***

The Northern United Charter Schools governs and operates two charter schools: the Northern United - Humboldt Charter School and the Northern United - Siskiyou Charter School. Each of the charter schools also issued separate individual audits reporting their respective school's financial position as of June 30, 2022 and the results of operations for the year then ended.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of activities - budget and actual, schedule of average daily attendance, schedule of instructional time, schedule of financial trends and analysis, schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform*



NORTHERN UNITED CHARTER SCHOOLS  
INDEPENDENT AUDITOR'S REPORT - CONTINUED

*Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and reconciliation of annual financial and budget report with audited financial statements 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of activities - budget and actual, the schedule of average daily attendance, the schedule of instructional time, the schedule of financial trends and analysis, the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the reconciliation of annual financial and budget report with audited financial statements are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Organization Schedule has not been subjected to the auditing procedures applied in the audit of the 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 May 31, 2023, on our consideration of the 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 the 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 the Charter School's internal control over financial reporting and compliance.

*David L. Moonie & Co.*  
CERTIFIED PUBLIC ACCOUNTANTS  
Eureka, California  
May 31, 2023

David L. Moonie &  
Co., LLP

Digitally signed by David L.  
Moonie & Co., LLP  
Date: 2023.06.01 13:43:45 -07'00'

NORTHERN UNITED CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

June 30, 2022

<b>ASSETS</b>	
Cash	\$ 2,188,466
Accounts receivable	1,094,668
Prepaid expenditures	5,000
Total Current Assets	<u>3,288,134</u>
Leasehold improvements	77,215
Equipment	274,879
Less: accumulated depreciation	<u>(175,294)</u>
Total Capital Assets, Net of Depreciation	<u>176,800</u>
Total Assets	<u>\$ 3,464,934</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 161,394
Unearned revenue	176,113
Total Current Liabilities	<u>337,507</u>
Total Liabilities	<u>337,507</u>
<b>NET ASSETS</b>	
Net assets without donor restrictions	2,514,806
Net assets with donor restrictions	<u>612,621</u>
Total Net Assets	<u>3,127,427</u>
Total Liabilities and Net Assets	<u>\$ 3,464,934</u>

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

NORTHERN UNITED CHARTER SCHOOLS

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Local control funding formula	\$ 4,896,396		\$ 4,896,396
Federal grants and contracts	1,188,769		1,188,769
Other state grants and contracts	257,682	\$ 585,935	843,617
Other local	403,811		403,811
Net assets released from restrictions	276,493	(276,493)	-
Total revenues	<u>7,023,151</u>	<u>309,442</u>	<u>7,332,593</u>
Expenses:			
Program services:			
Instruction	3,899,527		3,899,527
Instruction-related services	1,528,140		1,528,140
Pupil services	474,130		474,130
Plant services	598,843		598,843
Supporting services:			
General administration	480,402		480,402
Total expenses	<u>6,981,042</u>	<u>-</u>	<u>6,981,042</u>
Change in Net Assets	42,109	309,442	351,551
Beginning Net Assets	<u>2,472,697</u>	<u>303,179</u>	<u>2,775,876</u>
Ending Net Assets	<u>\$ 2,514,806</u>	<u>\$ 612,621</u>	<u>\$ 3,127,427</u>

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

NORTHERN UNITED CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2022

	Program Services			Support Services	Total	
	Instruction	Instruction Related	Pupil Services	Plant Services		Management and General
Expenses:						
Certificated Salaries	\$ 1,888,432	\$ 326,901	\$ 197,421		\$ 129,108	\$ 2,541,862
Classified Salaries	348,918	548,821	49,950	\$ 26,373	66,400	1,040,462
Employee Benefits	1,112,223	460,267	118,452	5,888	96,297	1,793,127
Books and supplies	169,456	56,343	52,945	27,006	75	305,825
Services and other operating expenses	319,942	135,808	31,091	532,189	188,522	1,207,552
Depreciation	30,705		24,271	7,387		62,363
Other outgo	29,851					29,851
Total expenses	<u>\$ 3,899,527</u>	<u>\$ 1,528,140</u>	<u>\$ 474,130</u>	<u>\$ 598,843</u>	<u>\$ 480,402</u>	<u>\$ 6,981,042</u>

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

NORTHERN UNITED CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2022

Cash Flows From Operating Activities:

Change in Net Assets	\$ 351,551
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities	
Depreciation	62,363
(Increase) decrease in accounts receivable	1,064,412
Increase (decrease) in accounts payable	64,612
Increase (decrease) in unearned revenue	(40,661)
Total Adjustments	<u>1,150,726</u>
Net Cash Provided (Used) by Operating Activities	<u>1,502,277</u>

Cash Flows From Investing Activities:

Net Cash Provided (Used) by Investing Activities	<u>-</u>
--	----------

Cash Flows From Financing Activities:

Principal payments on revenue anticipation note payable	<u>(1,210,000)</u>
Net Cash Provided (Used) by Financing Activities	<u>(1,210,000)</u>

Net Increase (Decrease) In Cash and Cash Equivalents	292,277
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Cash and Cash Equivalents at Beginning of Year	<u>1,896,189</u>
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Cash and Cash Equivalents at End of Year	<u>\$ 2,188,466</u>
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Supplemental schedule of cash flow information -

Cash paid during the year for interest	<u>\$ 1,687</u>
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There were no non-cash activities during the year.

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

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Northern United Charter Schools (the Charter School) is presented to assist in understanding the Charter School's financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Nature of Activities

Northern United Charter Schools is a non-profit organization that governs two public charter schools: the Northern United-Humboldt Charter School and the Northern United-Siskiyou Charter School. The Northern United-Humboldt Charter School was chartered by the Humboldt County Office of Education on December 20, 2017. The Northern United-Siskiyou Charter School was chartered by the Siskiyou County Office of Education on February 21, 2018. The Charter School is supported primarily through local control funding formula apportionments based on pupil attendance, and federal and state grants for educational purposes.

The mission of Northern United Charter Schools, in partnership with parents and community, is to engage all students in a comprehensive education, preparing them to be confident, competent and proactive citizens in a diverse society.

Basis of Accounting

The financial statements of the Charter School have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether these support and revenues or expenses were received or paid as of the end of a period. The accounting period is from July 1, 2021 to June 30, 2022.

Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated acquisition value at the date of donation. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. The Charter School's capitalization threshold is \$5,000. Equipment is estimated to have useful lives ranging from five to seven years, and site and building improvements are estimated to have useful lives of 20 to 50 years. The Organization has not adopted a policy for implying time restrictions on contributions of long-lived assets. As of June 30, 2022 the Organization has received no contributions of long-lived assets.

Budgets and Budgetary Accounting

Charter schools are required by California Education Code Section 47604.33 to submit budgets to their chartering agency for review by July 1 of each year. The Charter School's governing board satisfied these requirements.

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For The Year Ended June 30, 2022

Donated Materials and Services

Donated equipment and other noncash donations are recorded as contributions at their estimated acquisition value at their date of donation. Northern United Charter Schools reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Donated services are recognized as contributions in accordance with ASC 958-605 and subsections, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

In the year ended June 30, 2022, there were no material donated materials or services.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of providing various 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.

Cash and Cash Equivalents

The Charter School considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Tax Exempt Status

The Charter School is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation, and qualifies for deductible contributions as provided in Section 170(b) (1) (A) (vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2018 and forward may be audited by regulatory agencies; however, the Charter School is not aware of any such actions at this time.

The Charter School has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits,

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For The Year Ended June 30, 2022

the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

Revenue and Support With and Without Donor Restrictions

Support received is recorded as an increase in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a 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. Restricted support whose restrictions are met in the same reporting period are recorded as unrestricted support.

Grants and Accounts Receivable

Management considers grants and accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Grant Revenue Recognition

Grant awards accounted for as exchange transactions are reported as an increase in net assets without donor restrictions when the revenue is earned. Grant awards accounted for as contributions are recognized as an increase in net assets with donor restrictions when received and are reclassified to net assets without donor restrictions when donor restrictions have been satisfied.

Unearned Income

Unexpended grant awards accounted for as exchange transactions are recorded as unearned income until expended, at which time they are recognized as revenue.

Net Assets

The Organization's net assets consist of the following components:

Net Assets With Donor Restrictions: - net assets with donor-imposed purpose or time restrictions.

Net Assets Without Donor Restrictions: - net assets without donor restrictions represents total net assets not subject to purpose or time restrictions.

There were no board designations of net assets without donor restrictions



NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For The Year Ended June 30, 2022

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Charter School.

Shipping and Handling Costs

Shipping and handling costs are included in expense as they are incurred.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2022 were \$14,190.

Risk Management

Northern United Charter Schools is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters, for which the Organization carries insurance provided by Joint Powers Authorities.

Local Control Funding Formula/Property Taxes

The Charter School's local control funding formula ("LCFF") is received from a combination of local property taxes, state apportionments, and other local sources.

The County of Humboldt and County of Siskiyou are responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County of Humboldt and County of Siskiyou apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll-approximately October 1 of each year.

The County Auditor-Controller reports the amount of the Charter School's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the Charter School.

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 For The Year Ended June 30, 2022

The California Department of Education reduces the Charter School's entitlement by the Charter School's local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The Charter School's base LCFF is the amount of general purpose tax revenue, per average daily attendance (ADA), that the Charter School is entitled to by law. This amount is multiplied by the second period ADA to derive the Charter School's total entitlement.

New Accounting Pronouncements

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization's financial statements for the year ending June 30, 2023.

2. Cash and Investments

Cash on hand and in banks at June 30, 2022 consisted of the following:

Statement of financial position	
Pooled Cash in County Treasury	<u>\$2,188,466</u>
Total Cash and Investments	<u>\$2,188,466</u>

There were no cash balances held in banks during the year ended June 30, 2022.

In accordance with Education Code Section 41001, the Charter School maintains substantially all of its cash in the Humboldt and Siskiyou County Treasuries as part of the common investment pool. The Counties are restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. Government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Fair Value Measurements

The Charter School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

Level 1 - inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs include:

- a) Quoted prices for similar assets or liabilities in active markets;

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 For The Year Ended June 30, 2022

- b) Quoted prices for identical assets or liabilities in inactive markets;
- c) Inputs other than quoted prices that are observable for the asset or liability;
- d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are significant unobservable inputs.

As of June 30, 2022, the Charter School held no individual investments. The Charter School's fair value measurements were as follows at June 30, 2022:

Investment Type	Fair Value	Level
Pooled Cash in County Treasury	\$2,182,876	2

The Charter School has not recorded fair value adjustments in the basic financial statements as they were determined to be immaterial to the Charter School.

Credit Risk - Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Humboldt County Treasurer's investments at June 30, 2022 consist of 47.65 percent federal agencies, 29.76 percent money markets, 1.38 percent municipal bonds, 15.68 percent treasury coupons, 2.38 percent medium term notes, 1.73 percent miscellaneous coupon securities, and 1.42 percent certificates of deposit. The S & P credit ratings for these investments include AAA, AA, A+e, and Ae, and non-rated for certificates of deposit and the California State Treasurer's local agency investment fund.

The Siskiyou County Treasurer's investments at June 30, 2021 (the most recent date available) consist of 63.95 percent federal agencies, 1.63 percent corporate notes, 15.44 percent certificates of deposit, 13.81 percent California State Treasurer's local agency investment fund, and 5.17 percent California Asset Management Program. The S & P credit ratings for these investments include AAA, A1, A+, and non-rated for certificates of deposit and the California State Treasurer's local agency investment fund.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Charter School will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of a failure of the counter party (e.g. broker-dealer) to a transaction, the Charter School will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Neither the California Government Code nor the County's investment policy contains legal or policy requirements that would limit the Charter School's exposure to custodial credit risk for deposits or investments, except that the California Government Code requires that a financial institution secure deposits made by state or local

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 For The Year Ended June 30, 2022

government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Charter School deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2022, none of the Charter School's deposits were exposed to custodial credit risk.

Interest Rate Risk – Investments

Interest rate risk is the measurement of how changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive to changes in market interest rates of its fair value. One of the ways the County of Humboldt and County of Siskiyou Treasurer manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so a portion of its portfolio is maturing or coming close to maturity to ensure the cash flow and liquidity of operations. The weighted average maturity of the County of Humboldt Treasurer's investments is 688 days. The weighted average maturity of the County of Siskiyou Treasurer's investments is 902 days.

3. Liquidity and Availability of Resources

At June 30, 2022, the Charter School had \$2,509,119 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenses, as follows:

	June 30, 2022
Financial assets at year end:	
Cash and cash equivalents	\$2,188,466
Grants and accounts receivable	1,094,668
Total Financial Assets at Year End	3,283,134
Less those unavailable for general expenditures within year, due to contractual or donor-imposed restrictions	
Accounts payable and accrued liabilities	(161,394)
Restricted time or purpose restrictions	(612,621)
Financial assets available to meet cash needs for general expenditures within one year	\$2,509,119

The Charter School does not have a formal liquidity management policy. However, the Charter School does review its projected long-term cash needs, and maintains a significant reserve for long-term needs. The Board has adopted a minimum reserve level of 10% of annual expenditures.

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 For The Year Ended June 30, 2022

4. Grants and Accounts Receivable

Receivables at June 30, 2022 consist of the following:

Federal Government:	
Federal Programs	\$ 490,333
State Government:	
Categorical Aid Programs	51,555
LCFF	340,760
Lottery	15,442
Total State Government	407,757
Local Government:	
Other	174,183
Interest	22,395
Total Local Government	196,578
Total Receivables	\$1,094,668

All receivables are expected to be realized in one year or less.

5. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Site and improvements	\$ 77,215			\$ 77,215
Equipment	274,879			274,879
Total capital assets	352,094	-	-	352,094
Less: accumulated depreciation for:				
Improvements	13,508	\$ 7,387		20,895
Equipment	99,423	54,976	-	154,399
Total accumulated depreciation	112,931	62,363	-	175,294
Total capital assets, net	\$ 239,163	\$ (62,363)	\$ -	\$ 176,800

Depreciation was charged to function as follows:

Instruction	\$ 30,705
Pupil services	24,271
Plant services	7,387
	\$ 62,363

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 For The Year Ended June 30, 2022

6. Leases

Operating Leases

The Charter School has entered into operating leases for facilities with terms in excess of one year. These agreements do not contain purchase options. These agreements contain termination clauses providing for cancellation. It is unlikely that the Charter School will cancel the agreements prior to the expiration date.

Future minimum lease payments under these agreements are as follows:

Year Ended	Lease
<u>June 30,</u>	<u>Payments</u>
2023	\$ 110,942
2024	107,563
2025	66,532
Totals	<u>\$ 285,037</u>

The Charter School will receive no sublease rental revenues nor pay any contingent rentals associated with these leases. Total operating lease expense for the year ended June 30, 2022 was \$406,557.

7. Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System.

**State Teachers' Retirement System (STRS)**

Plan Description and Provisions

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

Funding Policy

Active plan members are required to contribute 10.25 percent or 10.205 percent of their salary,

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 For The Year Ended June 30, 2022

depending on whether they are member under the CalSTRS 2% at 60 plan or the CalSTRS 2% at 62 plan, respectively. The required employer contribution rate for fiscal year 2021-2022 was 16.92 percent of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter School's contributions to STRS for the fiscal years ending June 30, 2022, 2021, and 2020, excluding on-behalf payments from the State, were \$394,482, \$367,571, and \$405,182, respectively, and equal 100 percent of the required contributions for each year.

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

Plan Description

The Charter School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent (7.0 percent of monthly salary over \$133.33 if the member participates in Social Security) for members of both the Classic Member Plan or the PEPRA Member Plan. The Charter School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021-2022 was 22.91 percent of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter School's contributions to CalPERS for the fiscal years ending June 30, 2022, 2021, and 2020 were \$211,552, \$162,045, and \$180,098, respectively, and equal 100 percent of the required contribution for each year.

8. Short-term Obligations

The District's short-term debt activity for the year ended June 30, 2022 was as follows:

	Balance, 6/30/21	Increase	Decrease	Balance, 6/30/22
Revenue anticipation note	\$ 1,210,000		\$ 1,210,000	-
Total	<u>\$ 1,210,000</u>	<u>\$ -</u>	<u>\$ 1,210,000</u>	<u>\$ -</u>

The purpose of the short-term borrowing was to fund ongoing operations of the Charter School. The borrowing was necessary due to the State's deferral of a portion of the Charter School's 2020-2021 local control funding formula apportionment from 2020-2021 to 2021-2022.

The debt was repaid directly from the Charter School's 2021-2022 local control funding formula apportionments.

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For The Year Ended June 30, 2022

9. Net assets with donor restrictions

Net assets with donor restrictions at June 30, 2022 were as follows:

SNP Covid-19 Emergency Operational Costs Reimbursement	\$ 3,079
Educator Effectiveness 2021-22	156,882
Lottery - Instructional Materials	117,888
Special Ed: Dispute Prevention and Resolution	2,204
Special Ed: Learning Recovery Support	26,596
Expanded Learning Opportunities	29,803
Expanded Learning Opportunities: Paraprofessional	896
Kitchen Infrastructure & Training - Infrastructure Upgrades	37,452
Kitchen Infrastructure & Training - Food Service Staff Training	2,000
A-G Access/Success Grant	112,500
A-G Learning Loss Mitigation Grant	112,500
Child Nutrition Program	948
Local Grants	9,873
Total	<u>\$ 612,621</u>

As net assets with donor restrictions are expended, the net assets are recognized as unrestricted revenue. As of June 30, 2022, net assets released from restrictions consisted of the following:

SNP Covid-19 Emergency Operational Costs Reimbursement	\$ 2,735
Lottery - Instructional Materials	1,524
Educator Effectiveness 2021-22	9,607
Special Ed: Dispute Prevention and Resolution	3,915
Special Ed: Learning Recovery Support	7,823
Child Nutrition Program	56,058
Expanded Learning Opportunities	158,398
Expanded Learning Opportunities - Paraprofessional Staff	36,075
Local Grants	358
Total	<u>\$ 276,493</u>

10. Joint Powers Agreement

The Charter School participates in three joint ventures under joint powers agreements (JPAs): the North Coast Schools' Insurance Group, the North Coast Schools' Medical Insurance Group, and the California Charter School Joint Powers Authority (CharterSAFE).

North Coast Schools' Insurance Group (NCSIG) - The NCSIG arranges for and provides workers compensation and property and liability insurance for its members: all of the Humboldt and Del Norte County School Charter Schools and their County Offices of Education. The NCSIG is governed by a commission composed of one representative from each member agency. A nine member executive committee elected by and from the commission controls the operations of the NCSIG, including selection of management and approval of operating budgets. The NCSIG is independent of any influence by the member Charter Schools beyond



NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 For The Year Ended June 30, 2022

their representation on the commission. Each member Charter School pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the NCSIG.

North Coast Schools' Medical Insurance Group (NCSMIG) - The NCSMIG arranges for and provides medical, dental and vision insurance for its members. The NCSMIG is governed by a board of directors composed of representatives from member Charter Schools which have one hundred or more insured lives and one representative for those member Charter Schools with less than one hundred insured lives. The Board controls the operations of the NCSMIG including selection of management and approval of operating budgets. NCSMIG is independent of influence by the member Charter Schools beyond their representation on the Board. Each member Charter School pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the NCSMIG.

California Charter School Joint Powers Authority (CharterSAFE - CharterSAFE arranges for and provides workers compensation and property and liability insurance for its members: independent charter schools in California. CharterSAFE is governed by a commission composed of one representative from each member agency. CharterSAFE is independent of any influence by the member charter schools beyond their representation on the commission. Each member charter school pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in CharterSAFE.

The following is a summary of financial information for NCSIG, NCSMIG, and CharterSAFE at June 30, 2021 (the most recent information provided to us):

	<u>NCSIG</u>	<u>NCSMIG</u>	<u>CharterSAFE</u>
Total assets	\$5,868,879	\$ 13,812,004	\$41,700,976
Total liabilities	880,826	4,503,657	23,137,342
Total net position	<u>\$4,988,053</u>	<u>\$ 9,308,347</u>	<u>\$18,563,634</u>
Total revenues	\$7,589,521	\$ 49,653,481	\$35,510,180
Total expenses	7,157,261	44,851,666	24,122,451
Change in net position	<u>\$ 432,260</u>	<u>\$ 4,801,815</u>	<u>\$11,387,729</u>

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For The Year Ended June 30, 2022

11. Federal and State Revenue

For the year ended June 30, 2022, the Charter School was primarily funded through the LCFF and was additionally funded through the following grants:

Federal Programs

Special Education	\$ 70,814
ESEA: Title I, Part A	191,405
CARES Act, ESSER Funds	74,272
CARES Act, ESSER II Funds	389,639
CARES Act, ESSER III Funds	120,440
CARES Act, ESSER III Learning Loss Funds	28,094
Expanded Learning Opportunities ESSER II State Reserves	41,019
Expanded Learning Opportunities GEER II	13,403
Expanded Learning Opportunities ESSER III State Reserves	26,594
Expanded Learning Opportunities ESSER III Learning Loss	45,958
ESEA: Title II, Part A, Teacher Quality	23,301
ESEA: Title IV, Part A, Student Support	20,840
ESEA: Title VI - Rural & Low Income School Program	11,447
Forest Reserve Funds	22,133
Public School Charter School Grant	53,390
Other federal	614
Child Nutrition Program.	49,592
SNP Covid-19 Operational Costs Reimbursement	5,814
Total Federal	<u>\$ 1,188,769</u>

State Programs

State Lottery	\$ 78,045
Lottery Instructional Materials	33,826
Educator Effectiveness	165,337
Special Ed Dispute Prevention and Resolution	6,119
Special Ed Learning Recovery Support	34,419
A-G Success	112,500
A-G Learning	112,500
Expanded Learning Opportunity	2,703
Expanded Learning Opportunity 10% Set-Aside	13,147
State Learning Loss Mitigation, prior year revenue	13,017
Mandated Block Grant	13,709
STRS On-Behalf Payments	214,737
Child Nutrition Program	4,106
Child Nutrition Program: Kitchen Infrastructure Upgrade	37,452
Child Nutrition Program: Food Service Staff Training	2,000
Total State	<u>\$ 843,617</u>

NORTHERN UNITED CHARTER SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For The Year Ended June 30, 2022

12. Risk Management

The Charter School is exposed to various risks of loss related to torts, theft or destruction of assets, errors and omissions, and natural disasters. The Charter School purchases commercial insurance for workers compensation benefits and participates in a Joint Powers Agreement for property and liability insurance. There have been no significant reductions in insurance coverage from the prior year. For each of the past three years settlements did not exceed insurance coverage.

13. Commitments and Contingencies

State and Federal Allowances, Awards and Grants

The Charter School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

14. Evaluation of Subsequent Events

The Charter School has evaluated events through May 31, 2023, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NORTHERN UNITED CHARTER SCHOOLS

SCHEDULE OF ACTIVITIES  
BUDGET AND ACTUAL

For The Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local control funding formula	\$ 5,266,511	\$ 4,797,628	\$ 4,896,396	\$ 98,768
Federal revenues	1,187,385	1,594,656	1,188,769	(405,887)
Other state revenues	779,047	832,001	843,617	11,616
Other local revenues	565,744	655,845	403,811	(252,034)
<b>Total revenues</b>	<b>7,798,687</b>	<b>7,880,130</b>	<b>7,332,593</b>	<b>(547,537)</b>
Expenses:				
Certificated Salaries	2,583,013	2,683,834	2,541,860	141,974
Classified Salaries	972,675	1,055,251	1,040,462	14,789
Employee Benefits	1,897,293	1,881,641	1,793,126	88,515
Books and supplies	691,309	464,069	305,829	158,240
Services and other operating expenses	1,972,970	2,042,642	1,207,551	835,091
Depreciation			62,363	(62,363)
Other outgo	21,618	46,185	29,851	16,334
<b>Total expenses</b>	<b>8,138,878</b>	<b>8,173,622</b>	<b>6,981,042</b>	<b>1,192,580</b>
Change in Net Assets	(340,191)	(293,492)	351,551	645,043
Net Assets, July 1, 2021	2,775,876	2,775,876	2,775,876	-
Net Assets, June 30, 2022	<u>\$ 2,435,685</u>	<u>\$ 2,482,384</u>	<u>\$ 3,127,427</u>	<u>\$ 645,043</u>

NORTHERN UNITED CHARTER SCHOOLS  
COMBINING SCHEDULE OF FINANCIAL POSITION

June 30, 2022

	Humboldt Charter School	Siskiyou Charter School	Eliminate Interschool Transfers	Total
<b>ASSETS</b>				
Cash	\$ 933,700	\$ 1,254,766		\$ 2,188,466
Accounts receivable	1,009,308	243,973	\$ (158,613)	1,094,668
Prepaid expenditures		5,000		5,000
Total Current Assets	<u>1,943,008</u>	<u>1,503,739</u>	<u>(158,613)</u>	<u>3,288,134</u>
Leasehold improvements		77,215		77,215
Equipment	119,270	155,609		274,879
Less: accumulated depreciation	<u>(67,586)</u>	<u>(107,708)</u>		<u>(175,294)</u>
Total Capital Assets, Net of Depreciation	<u>51,684</u>	<u>125,116</u>	<u>-</u>	<u>176,800</u>
Total Assets	<u>\$ 1,994,692</u>	<u>\$ 1,628,855</u>	<u>(158,613)</u>	<u>\$ 3,464,934</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 147,431	\$ 172,576	\$ (158,613)	\$ 161,394
Unearned revenue	80,051	96,062		176,113
Total Current Liabilities	<u>227,482</u>	<u>268,638</u>	<u>(158,613)</u>	<u>337,507</u>
Total Liabilities	<u>227,482</u>	<u>268,638</u>	<u>(158,613)</u>	<u>337,507</u>
<b>NET ASSETS</b>				
Net assets without donor restrictions	1,364,505	1,150,301		2,514,806
Net assets with donor restrictions	402,705	209,916		612,621
Total Net Assets	<u>1,767,210</u>	<u>1,360,217</u>	<u>-</u>	<u>3,127,427</u>
Total Liabilities and Net Assets	<u>\$ 1,994,692</u>	<u>\$ 1,628,855</u>	<u>\$ (158,613)</u>	<u>\$ 3,464,934</u>

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

NORTHERN UNITED CHARTER SCHOOLS

COMBINING SCHEDULE OF ACTIVITIES

For The Year Ended June 30, 2022

	<u>Humboldt Charter School</u>	<u>Siskiyou Charter School</u>	<u>Eliminate Interschool Transfers</u>	<u>Total</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>				
Revenue and Other Support:				
Local control funding formula	\$ 3,475,624	\$ 1,420,772		\$ 4,896,396
Federal grants and contracts	955,567	233,202		1,188,769
Other state grants and contracts	215,576	42,106		257,682
Other local	586,553	152,461	\$ (335,203)	403,811
Net assets released from restrictions	234,607	41,886		276,493
Total revenues and other support	<u>5,467,927</u>	<u>1,890,427</u>	<u>(335,203)</u>	<u>7,023,151</u>
Expenses:				
Program services:				
Instruction	2,955,332	1,049,622	(105,427)	3,899,527
Instruction-related services	1,322,329	353,769	(147,958)	1,528,140
Pupil services	439,498	94,657	(60,025)	474,130
Plant services	367,908	230,935		598,843
Supporting services:				
General administration	408,458	93,737	(21,793)	480,402
Total expenses	<u>5,493,525</u>	<u>1,822,720</u>	<u>(335,203)</u>	<u>6,981,042</u>
Increase (Decrease) In Net Assets Without Donor Restrictions	<u>(25,598)</u>	<u>67,707</u>	<u>-</u>	<u>42,109</u>
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u>				
Revenue and Other Support:				
Other state grants and contracts	426,179	159,756		585,935
Net assets released from restrictions	(234,607)	(41,886)		(276,493)
Increase (Decrease) In Net Assets Without Donor Restrictions	<u>191,572</u>	<u>117,870</u>	<u>-</u>	<u>309,442</u>
Increase (Decrease) In Net Assets	165,974	185,577	-	351,551
Beginning Net Assets	<u>1,601,236</u>	<u>1,174,640</u>		<u>2,775,876</u>
Ending Net Assets	<u>\$ 1,767,210</u>	<u>\$ 1,360,217</u>	<u>\$ -</u>	<u>\$ 3,127,427</u>

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

NORTHERN UNITED CHARTER SCHOOLS

ORGANIZATION

June 30, 2022

Northern United Charter School services two kindergarten through grade 12 charter schools. Northern United-Humboldt Charter School was granted its charter by the Humboldt County Office of Education on December 20, 2017. Northern United-Siskiyou Charter School was granted its charter by the Siskiyou County Office of Education on February 21, 2018.

The Board of Directors for the fiscal year ended June 30, 2022 was composed of the following members, with terms expiring as follows:

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jere Cox	President	December 2024
Bianca Garza	Vice-President	December 2023
Rosemary Kunkler	Member	December 2024
Melissa Johnson	Member	December 2024
Aime Snider	Member (Appointed 1/19/22)	December 2023
Jeff Lanphere	Member (Resigned 11/10/21)	

ADMINISTRATION

Shari Lovett  
Executive Director



NORTHERN UNITED CHARTER SCHOOLS  
SCHEDULE OF AVERAGE DAILY ATTENDANCE

For The Year Ended June 30, 2022

	Northern United- Humboldt Charter School		Northern United- Siskiyou Charter School		Total	
	Second Period Report	Annual Report	Second Period Report	Annual Report	Second Period Report	Annual Report
Elementary:						
Total Kindergarten through Grade 3	103.97	103.93	25.04	24.96	129.01	128.89
Classroom-based ADA included in total	-	-	-	-	-	-
Total Grades 4 through 6	80.90	81.00	29.80	29.59	110.70	110.59
Classroom-based ADA included in total	-	-	-	-	-	-
Total Grades 7 and 8	51.41	51.50	15.75	16.34	67.16	67.84
Classroom-based ADA included in total	-	-	-	-	-	-
Total Elementary School	<u>236.28</u>	<u>236.43</u>	<u>70.59</u>	<u>70.89</u>	<u>306.87</u>	<u>307.32</u>
Classroom-based ADA included in total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
High School						
Total Grades 9 through 12	75.64	75.16	46.33	46.82	121.97	121.98
Classroom-based ADA included in total	-	-	-	-	-	-
Total High School	<u>75.64</u>	<u>75.16</u>	<u>46.33</u>	<u>46.82</u>	<u>121.97</u>	<u>121.98</u>
Classroom-based ADA included in total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Elementary and High School	<u>311.92</u>	<u>311.59</u>	<u>116.92</u>	<u>117.71</u>	<u>428.84</u>	<u>429.30</u>
Classroom-based ADA included in total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

NORTHERN UNITED CHARTER SCHOOLS

SCHEDULE OF INSTRUCTIONAL TIME

For The Year Ended June 30, 2022

<u>Grade Level</u>	<u>Instructional Minutes Requirement</u>	<u>2021-22 Instructional Minutes Offered</u>	<u>Instructional Days Offered Traditional Calendar *</u>	<u>Status</u>
--------------------	--	--	--	---------------

The Northern United Charter School received no funding for classroom-based instruction. Therefore this schedule does not apply.

NORTHERN UNITED CHARTER SCHOOLS  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For The Year Ended June 30, 2022

	For The Year Ended			
	Budget 6/30/2023	6/30/2022	6/30/2021	6/30/2020
Revenues and other financial sources	\$ 7,934,482	\$ 7,332,593	\$ 6,963,892	\$ 7,138,049
Expenditures	8,772,812	6,981,042	6,452,379	7,450,936
Total Outgo	8,772,812	6,981,042	6,452,379	7,450,936
Change in Net Assets	\$ (838,330)	\$ 351,551	\$ 511,513	\$ (312,887)
Ending Net Assets	\$ 2,289,097	\$ 3,127,427	\$ 2,775,876	\$ 2,264,363
Available Undesignated Reserves	\$ 1,744,910	\$ 2,514,806	\$ 2,472,697	\$ 2,200,314
Designated for Economic Uncertainties	\$ -	\$ -	\$ -	\$ -
Undesignated Net Assets	\$ 1,744,910	\$ 2,514,806	\$ 2,472,697	\$ 2,200,314
Available Reserves as a Percentage of Total Outgo	19.89%	36.02%	38.32%	29.53%
Total Long-Term Debt	\$ -	\$ -	\$ -	\$ -
Average Daily Attendance at P-2	395	429	513	514

This schedule discloses the Charter School's financial trends by displaying past years' data along with current budget information. These financial trend disclosures are used to evaluate the Charter School's ability to continue as a going concern for a reasonable amount of time.

Net assets have increased \$863,064 over the past two years. The fiscal year 2022-2023 budget projects a decrease of 838,330 (26.81%). For a school this size, the State recommends available reserves of at least four percent of total expenditures, transfers out, and other uses (total outgo), or \$71,000, whichever is greater.

The Charter School has incurred an operating deficit in one of the last three years, and anticipates incurring an operating deficit during the 2022-2023 fiscal year.

ADA decreased by 85 over the past two years. The Charter School anticipates a decrease of 34 ADA during the fiscal year 2022-2023.

NORTHERN UNITED CHARTER SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Federal Expenditures
Federal Programs:			
<b>U.S. Department of Education:</b>			
Passed through California Department of Education (CDE):			
Elementary and Secondary School Emergency Relief (ESSER) - Covid19	84.425D	15536	\$ 74,272
Elementary and Secondary School Emergency Relief (ESSER II) - Covid19	84.425D	15547	389,638
Elementary and Secondary School Emergency Relief (ESSER III) - Covid19	84.425U	15559	120,441
Elementary and Secondary School Emergency Relief (ESSER III), Learning Loss - Covid19	84.425U	10155	28,094
Elementary and Secondary School Emergency Relief (ESSER II) - Expanded Learning Opportunity State Reserve - Covid19	84.425D	15618	41,019
Expanded Learning Opportunity GEER II - Covid19	84.425C	15619	13,403
Elementary and Secondary School Emergency Relief (ESSER III) Expanded Learning Opportunity State Reserve, Emergency Needs - Covid19	84.425U	15620	26,709
Elementary and Secondary School Emergency Relief (ESSER III) Expanded Learning Opportunity State Reserve, Learning Loss - Covid19	84.425U	15621	45,843
Total Education Stabilization Funds, Assistance Listing 84.425			<u>739,419</u>
Special Education: IDEA Basic Loc. Assist. Entitlement Part B	84.027	13379	70,814
Total Special Education Cluster			<u>70,814</u>
ESEA: Title I, Part A, Basic Grants	84.010	14329	191,405
ESEA: Title II, Part A, Supporting Effective Instruction	84.367	14341	23,301
ESEA: Title V, Part B, Rural and Low Income Schools	84.358	14356	11,447
ESEA: Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	20,840
Public Charter School Grant	84.282A	15385	53,390
Total Passed Through California Department of Education (CDE)			<u>1,110,616</u>
Total U.S. Department of Education			<u>1,110,616</u>
<b>U.S. Department of Agriculture:</b>			
Passed through California Department of Education (CDE):			
Child Nutrition Program: National School Lunch - Seamless Summer Option	10.555	13391	49,592
Child Nutrition Program: SNP Emergency Cost Reimbursement - Covid-19	10.555	15637	5,814
Total Child Nutrition Cluster			<u>55,406</u>
Forest Reserve Funds	10.665	10044	22,133
Pandemic EBT Local Administrative Grant - Covid-19	10.649	15644	614
Total Passed Through California Department of Education (CDE)			<u>78,153</u>
Total U.S. Department of Agriculture			<u>78,153</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 1,188,769</u>

The accompanying notes are an integral part of this schedule.

NORTHERN UNITED CHARTER SCHOOLS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2022

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

The District did not use the ten percent de minimis indirect cost rate.

NORTHERN UNITED CHARTER SCHOOLS  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET  
REPORT WITH AUDITED FINANCIAL STATEMENTS

For The Year Ended June 30, 2022

	<u>Northern United- Humboldt Charter School</u>	<u>Northern United- Siskiyou Charter School</u>	<u>Total</u>
June 30, 2022 Annual Financial and Budget Report Net Assets	\$ 1,807,261	\$ 1,212,273	\$ 3,019,534
Adjustments and Reclassifications			
Increasing and (Decreasing) Net Assets -			
Increase accumulated depreciation and depreciation expense	(23,854)		(23,854)
Increase health and welfare benefits	(16,195)		(16,195)
Increase capital assets		163,625	163,625
Increase accounts receivable		30,966	30,966
Decrease accounts payable		17,166	17,166
Increase depreciation expense		(38,509)	(38,509)
Decrease prepaid expense		(4,683)	(4,683)
Decrease miscellaneous voluntary deductions		(23,990)	(23,990)
Decrease in cash with fiscal agent		3,370	3,370
Rounding	(2)	(1)	(3)
June 30, 2022 Audited Financial Statements Net Assets	<u>\$ 1,767,210</u>	<u>\$ 1,360,217</u>	<u>\$ 3,127,427</u>

OTHER INDEPENDENT AUDITOR'S REPORTS

Mark G. Wetzel, CPA  
Michael R. Cline, CPA  
Aaron S. Weiss, CPA



Matthew J. Hogue, CPA  
Lindsey S. Grossman, CPA

## NORTHERN UNITED CHARTER SCHOOLS

### 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

Board of Directors  
Northern United Charter Schools  
2120 Campton Road, Suite H  
Eureka, California 95503

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 the Northern United Charter Schools (the "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, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated May 31, 2023.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



NORTHERN UNITED CHARTER SCHOOLS  
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 - CONTINUED

June 30, 2022

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-001, that we consider to be a significant deficiency.

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

As part of obtaining reasonable assurance about whether the 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 results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-002.

### **Charter School's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Charter School's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Charter School's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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



CERTIFIED PUBLIC ACCOUNTANTS

Eureka, California

May 31, 2023

Mark G. Weizel, CPA  
Michael R. Cline, CPA  
Aaron S. Weiss, CPA



DAVID L. MOONIE & CO., LLP  
*Certified Public Accountants*

Matthew J. Hague, CPA  
Lindsey S. Grossman, CPA

NORTHERN UNITED CHARTER SCHOOLS  
INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors  
Northern United Charter Schools  
2120 Campton Road, Suite H  
Eureka, California 95503

**Report on Compliance**

***Opinion***

We have audited the Northern United Charter Schools' (the "Charter School") compliance with the requirements specified in the *2021-22 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel, that are applicable to the Charter School's educational programs for the year ended June 30, 2022.

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

***Basis for Opinions***

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 requirements of the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 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 opinion on the compliance requirements referred to above. Our audit does not provide a legal determination of the Charter School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the applicable compliance requirements, and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Charter School's State programs.

NORTHERN UNITED CHARTER SCHOOLS

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE – CONTINUED

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with applicable compliance requirements occurred, whether due to fraud or error, and to express an opinion on the Charter School's compliance based on the compliance 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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance 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. Noncompliance with the applicable compliance requirements 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 Charter School's compliance with the requirements of the State programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, our responsibilities are to:

- 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 Charter School's compliance with the compliance requirements referred to above and performing such other procedures as the auditor considers necessary in the circumstances;
- Obtain an understanding of the 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 *2021-22 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 Charter School's internal controls over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine the Charter School's compliance with the State laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Not applicable
Teacher certification and misassignments	Not applicable
Kindergarten Continuance	Not applicable
Independent study	Not applicable
Continuation education	Not applicable
Instructional Time	Not applicable
Instructional Materials	Not applicable
Ratio of Administrative Employees to Teachers	Not applicable

NORTHERN UNITED CHARTER SCHOOLS

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE – CONTINUED

<u>Description</u>	<u>Procedures Performed</u>
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive Program	Not applicable
GANN Limit Calculation	Not applicable
School Accountability Report Card	Not applicable
Juvenile Court Schools	Not applicable
Middle or Early College High School	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
 <b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Immunizations	Not applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
In Person Instruction Grant	Yes
 <b>Charter Schools</b>	
Attendance	Yes
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes – Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

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.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the California Education Audit Appeals Panel's *2021-22 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2022-002. Our opinion on the Charter School's compliance with the requirements specified in the *2021-22 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* is not modified with respect to this matter.

NORTHERN UNITED CHARTER SCHOOLS

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE – CONTINUED

**Charter School's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Charter School's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Charter School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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 the compliance requirements referred to above 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 the compliance requirements referred to above 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 the compliance requirement referred to above 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 specified in the *2021-22 Guide For Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

David L. Morrison & Co.

CERTIFIED PUBLIC ACCOUNTANTS

Eureka, California

May 31, 2023

Mark G. Wolzoh, CPA  
Michael R. Cline, CPA  
Aaron S. Weiss, CPA



Matthew J. Haggie, CPA  
Lindsey S. Grossman, CPA

## NORTHERN UNITED CHARTER SCHOOLS

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

Board of Directors  
Northern United Charter Schools  
2120 Campton Road, Suite H  
Eureka, California 95503

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

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

We have audited Northern United Charter Schools' (the "Charter School") 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 the Charter School's major federal programs for the year ended June 30, 2022. The 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, the 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 the 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 the Charter School's compliance with the compliance requirements referred to above.

NORTHERN UNITED CHARTER SCHOOLS

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

*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 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 the 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 the 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 the 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 the 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 the 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.

NORTHERN UNITED CHARTER SCHOOLS

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

**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.

David L. Moonie + Co.

CERTIFIED PUBLIC ACCOUNTANTS

Eureka, California

May 31, 2023



FINDINGS AND QUESTIONED COSTS

NORTHERN UNITED CHARTER SCHOOLS  
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 - CONTINUED

June 30, 2022

Section I - Summary of Auditor's Results  
Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) 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 the Uniform Guidance Section 200.516(a)	No

Identification of major programs:

Federal Assistance

<u>Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Elementary and Secondary School Emergency Relief (ESSER) - Covid19
84.425D	Elementary and Secondary School Emergency Relief (ESSER II) - Covid19
84.425U	Elementary and Secondary School Emergency Relief (ESSER III) - Covid19
84.425U	Elementary and Secondary School Emergency Relief (ESSER III), Learning Loss - Covid19
84.425D	Elementary and Secondary School Emergency Relief (ESSER II) Expanded Learning Opportunities State Reserve - Covid19
84.425U	Elementary and Secondary School Emergency Relief (ESSER III): Expanded Learning Opportunities, State Reserve, Emergency Needs - Covid19
84.425U	Elementary and Secondary School Emergency Relief (ESSER III): Learning Loss Mitigation - Covid19
84.425C	Expanded Learning Opportunities GEER II - Covid 19

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

NORTHERN UNITED CHARTER SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2022

Section II – Financial Statement Findings

2022-001: LATE FILING OF AUDIT REPORT (CODE 30000)

Criteria

Education Code Section 41020(h) provides that not later than December 15 an audit report for the preceding fiscal year is to be filed with the County Superintendent of Schools, the California Department of Education, and the State Controller's Office.

Condition

Prior to the initial December 15, 2022 deadline, the Charter School obtained an extension until March 15, 2023 to file the Northern United – Humboldt Charter School audit report, and until January 31, 2023 to file the Northern United – Siskiyou Charter School audit report. The Northern United – Humboldt Charter School's audit report was filed prior to the extended date. The Northern United – Siskiyou Charter School's audit report was filed two weeks after the extended due date.

Identification of Repeat Finding

This is a repeat of Northern United – Siskiyou Charter School's prior year Audit Finding 2021-001.

Effect

The County Superintendent of Schools, the Department of Education, and the State Controller's Office received the report after the initial December 15, 2022 deadline.

Cause

The extension for the Northern United - Humboldt Charter School audit report was necessary due to delays in the County of Humboldt providing final cash reports to verify the Charter School's cash balances in the county treasury. The extension for the Northern United - Siskiyou Charter School audit report was necessary due to unforeseen delays in obtaining information.

Recommendation

We recommend that the Charter School and the auditor work closely in the future to plan for a timely filing of the audit.

Views of Responsible Officials and Planned Corrective Actions

The Charter School agrees to the recommendation and will adhere to the corrective action plan described in the "Charter School's Corrective Action Plan" section immediately following this section of the audit report.

NORTHERN UNITED CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2022

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

2022-002: UNDUPLICATED PUPIL COUNTS (CODE 40000)

Criteria

Pursuant to Education Code Section 42238.02(b)(2), the Charter School is required to annually submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the State Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS). This information is used to determine the Charter School's unduplicated pupil count. Unduplicated pupil means a pupil enrolled in a school Charter School or a charter school who is either classified as an English learner, eligible for a free or reduced-price meal, or is a foster youth. A pupil is counted only once if they qualify under multiple categories. The unduplicated pupil count is used in the calculation of the Charter School's apportionment from the local control funding formula. The count is documented in CALPADS Forms 1.17 and 1.18.

Condition

During our testing of the unduplicated student counts, we noted the following exceptions for Northern United - Siskiyou Charter School:

1. One student was listed as qualifying for free/reduced meals who did not qualify
2. Three students who did qualify for free/reduced meals and were not included in the unduplicated count.

Our sample included 100 percent of the population of students claimed as free/reduced price meals and English language funding eligible. The net adjustment required to the unduplicated count for the Northern United - Siskiyou Charter School is an increase of 2.

Effect

The Northern United - Siskiyou Charter School's unduplicated student count was understated by 2 students. Increasing the unduplicated count by 2 results in an increase in the revenue from the local control funding formula in the amount of \$1,000. Following is a schedule of the reported and audited counts.

NORTHERN UNITED CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

June 30, 2022

	Unduplicated Pupil Count						
	Increase (Decrease) to Unduplicated Pupil Count Based on Adjustments of:						
	Certified Total Unduplicated Pupil Count	Eligibility For Free/	Eligibility for English Learner Funding (EL)	Eligibility For Both FRPM and EL	Adjusted Total Unduplicated Pupil Count	Total Enrollment	
		Reduced Price Meals (FRPM)				Certified Total Enrollment Count	Adjusted Total Enrollment Count
Charter School Total	328	2		330	447	447	
Schools Tested:							
Northern United - Siskiyou	97	2		99	120	120	
Northern United - Humboldt	231			231	327	327	

Cause

Clerical error.

Recommendation

We recommend that the Northern United - Siskiyou Charter School ensure that free/reduced meals applications are on hand for all students included in the CALPADS Forms 1.18 and 1.17, and carefully compare qualifying free/reduced applications to the CALPADS unduplicated count to ensure all qualifying students are included.

Views of Responsible Officials and Planned Corrective Action

The Charter School agrees and will adhere to the corrective action plan described in the "Charter School's Corrective Action Plan" section immediately following this section of the audit report.



# Northern United Charter Schools

*Learning Today, Leading Tomorrow*

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nucharters.org

## School Director

*Shari Lovett*

## Board of Directors

*Jere Cox – President*

*Bianca Garza – Vice President*

*Rosemary Kunkler*

### CHARTER SCHOOL'S CORRECTIVE ACTION PLAN

For The Year Ended June 30, 2022

#### 2022-001: LATE FILING OF AUDIT REPORT (CODE 30000)

Name of contact person: Shari Lovett, School Director

Corrective Action: Northern United Charter Schools' School Director and the auditor will work closely in the future to plan for a timely filing of the audit.

Proposed Completion Date: February 2, 2023

#### 2022-002: UNDUPLICATED PUPIL COUNTS (CODE 40000)

Name of contact person: Shari Lovett, School Director

Corrective Action: The specific students' free/reduced status were updated in CalPads and in the school's information system to ensure accurate eligibility. The Food Services Coordinator will ensure that free/reduced meals applications are on and for all students included in the CalPads reports 1.17 and 1.18 and carefully compare qualifying free/reduced applications to the CalPads unduplicated count to ensure all qualifying students are included.

Proposed Completion Date: February 2, 2023

NORTHERN UNITED CHARTER SCHOOLS

SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2022

2021-001: LATE FILING OF AUDIT REPORT (CODE 30000)

Condition

Prior to the initial January 31, 2022 deadline, the Northern United – Siskiyou Charter School obtained an extension until February 28, 2022 to file the audit report. The Northern United – Siskiyou Charter School's audit report was filed in early April 2022.

Recommendation

We recommend that the Charter School and the auditor work closely in the future to plan for a timely filing of the audit.

Current Status

Not implemented. See current year Finding 2022-001.