



ANNUAL FINANCIAL REPORT
JUNE 30, 2019

ISANA

- #0716 ISANA Nascent Academy
- #1232 ISANA Octavia Academy
- #1246 ISANA Palmati Academy
- #1285 ISANA Cardinal Academy
- #1827 ISANA Achernar Academy
- #1858 ISANA Himalia Academy
- #1857 ISANA Rolas Academy

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
ISANA
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of ISANA (the Organization) (A California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



FINANCIAL STATEMENTS

ISANA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

Assets	
Cash	\$ 5,542,679
Accounts receivable, net	4,512,553
Prepaid expenses and other assets	400,050
Property and equipment, net	<u>2,924,096</u>
Total Assets	<u>\$ 13,379,378</u>
Liabilities and Net Assets	
Accounts payable	\$ 2,999,797
Deferred revenue	<u>55,174</u>
Total Liabilities	<u>3,054,971</u>
Net Assets	
Without donor restrictions	
Undesignated	10,015,186
Designated by the Board for State programs	<u>309,221</u>
Total Net Assets	<u>10,324,407</u>
Total Liabilities and Net Assets	<u>\$ 13,379,378</u>

The accompanying notes are an integral part of these financial statements.

ISANA

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

Reconciliation of Change in Net Assets to Net Cash from Operating Activities

Change in net assets	\$ 35,068
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	179,133
Changes in operating assets and liabilities	
Accounts receivable	19,964
Prepaid expenses and other assets	116,267
Settlement receivable, net	575,000
Accounts payable	(526,181)
Deferred revenue	55,174
	<hr/>
Net Increase in Cash	454,425
Cash, Beginning of Year	<hr/> 5,088,254
Cash, End of Year	<hr/> <hr/> \$ 5,542,679
Supplemental Disclosure of Cash Flow Information	
Cash paid during the period for interest	
Interest	<hr/> <hr/> \$ 64,626

The accompanying notes are an integral part of these financial statements.

ISANA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

ISANA (the Organization) is a nonprofit public benefit corporation. The Organization operates a Home Office, as well as ISANA Nascent Academy (Charter No. 0716), ISANA Octavia Academy (Charter No. 1232), ISANA Palmati Academy (Charter No. 1246), ISANA Cardinal Academy (Charter No. 1285), and ISANA Achemar Academy (Charter No. 1827), and ISANA Himalia Academy (Charter No. 1858).

The mission of the Organization is to provide schools where at risk students will thrive in an atmosphere of high expectations and engaging curriculum with challenging learning activities.

Principles of Consolidation

The consolidated financial statements include the accounts of ISANA and its schools, ISANA Nascent Academy, ISANA Octavia Academy, ISANA Palmati Academy, ISANA Cardinal Academy, ISANA Achemar Academy, ISANA Himalia Academy, and ISANA Rolas Academy. All material intracompany transactions have been eliminated (Eliminations). This consolidation is required due to common control with shared leadership and management. For disclosure purposes, the financial information of the eight entities are separated within the report as a matter of clarification.

Cash

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

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2019, the allowance was \$1,846,988.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the Central Office account to each charter school and reimbursement for those resources from each charter school to the Central Office account. Operating transfers include certain costs of shared liabilities and shared assets between the Charter Schools.

Prepaid Expenses/Security Deposit

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Organization has reported prepaid items either when purchased or during the benefiting period. Security deposits represent amounts paid per the rental agreement of facilities that will not be returned within one year and are recorded as non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2019.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses, excluding depreciation and grant disbursements are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is a California nonprofit 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. 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.

The Organization 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, 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.

Use of Estimates

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019

Adjustments Resulting from Change in Accounting Policy

As disclosed above, the Organization adopted the provisions of ASU 2016-14, Presentation of Financial Statements for Not-For-Profit Entities as of June 30, 2019. Following is a summary of the effects of the change in accounting policy in the Organization's June 30, 2018 financial statements.

	As Previously Reported	Adoption of ASU 2016-14	As Adjusted
Unrestricted	\$ 10,289,339	\$ (10,289,339)	\$ -
Net assets without donor restrictions	-	10,289,339	10,289,339

NOTE 2 – LIQUIDITY AND AVAILABILITY

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

Financial Assets:

Cash and cash equivalents	\$ 5,542,679
Accounts receivable	4,512,553
Prepaid expenses and other assets	400,050
Financial Assets, at year end	<u>10,455,282</u>
Less those unavailable for general expenditures within one year, due to:	
Designated net assets	<u>(309,221)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,146,061</u>

NOTE 3 - CASH

Cash at June 30, 2019, consisted of the following:

	Reported Amount	Bank Balance
Deposits		
Cash on hand and in banks	<u>\$ 5,542,679</u>	<u>\$ 5,542,680</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. Organization has not experienced any losses in such accounts. At June 30, 2019, Organization had a balance of \$3,792,680 in excess of FDIC insured limits. Management believes Organization is not exposed to any significant risk related to cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

In addition, as part of the Settlement Agreement, the Organization agreed to eliminate previously outstanding notes receivable and other receivables from Global, and accounts payable balances owed to Global with an aggregate approximate net carrying value \$5,279,000. Due to uncertainty relating to the collectability of the promissory note from Global, the Organization recorded a full valuation allowance against the amount owed under this note.

Since the Settlement Agreement represented the mutually agreed upon resolution of conditions that existed as of June 30, 2017 and was executed prior to the issuance of the June 30, 2017 financial statements, this was determined to be a recognized subsequent event in accordance with FASB ASC 855, Subsequent Events with respect to those financial statements, and accordingly, the effects of the Settlement Agreement were recognized as of June 30, 2017.

Remaining balances related to the Settlement Agreement as of June 30, 2019 were as follows:

Note receivable from Celerity Global Development	\$ 1,846,988
Valuation allowance	(1,846,988)
	<u>\$ -</u>

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019, consisted of the following:

Land	\$ 1,157,420
Building improvements	4,124,777
Furniture and equipment	607,125
Computers and equipment	246,331
Subtotal	<u>6,135,653</u>
Less: accumulated depreciation	(3,211,557)
Total Property and Equipment	<u>\$ 2,924,096</u>

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

Salaries and benefits	\$ 584,980
Due to grantor	920,500
Eagle Rock lease payable	175,806
Vendor payable	1,318,511
	<u>\$ 2,999,797</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

Litigation

The Organization is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Organization at June 30, 2019.

NOTE 13 - SUBSEQUENT EVENTS

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the consolidated financial statements through December 13, 2019, which is the date the consolidated financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year consolidated financial statements.

Final Closeout

On July 18, 2018, the board of the ISANA Rolas Academy voted to close, effective July 18, 2018. As part of the final audit, ISANA Rolas Academy is required to determine the net assets or liabilities and disclose required information.

1. The ISANA Rolas Academy has an operating deficit of \$(1,136,498) in the 2017-2018 year and an overall (deficit) of \$(1,129,403) as of June 30, 2019. The excess reserves and cash balances have been transferred over to the Home Office;
2. The ISANA Rolas Academy has inventoried and assigned a fair market value to all ISANA Rolas Academy usable furnishings, equipment, and supplies and has, as per the ISANA Board approval, redistributed all usable furnishings, equipment, and supplies to Organization. The Organization has paid the fair market value to ISANA Rolas Academy for receipt of all usable furnishings, equipment, and supplies it has received;
3. No donated materials and property were required to be returned;
4. All grants and restricted categorical funds have been identified and returned to their source according to the terms of the grant or state and federal law; The ISANA Rolas Academy has prepared and submitted final expenditure reports; Written notification was made on July 19, 2018 to State Superintendent of Public Instruction for the Closure of ISANA Rolas Academy (charter number 1857). ISANA Academy will be the responsible party for conducting closure-related activities and maintenance of records.

ISANA Nascent Academy

On September 24, 2019, Los Angeles Unified School District approved the renewal of ISANA Nascent Academy's charter petition beginning July 1, 2020 and ending June 30, 2025. (five-year term).

ISANA Octavia Academy

On September 24, 2019, Los Angeles Unified School District approved the renewal of ISANA Octavia Academy's charter petition beginning July 1, 2020 and ending June 30, 2025. (five-year term).

SUPPLEMENTARY INFORMATION



**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster			
School Breakfast Needy	10.553	13526	\$ 253,539
National School Lunch	10.555	13523	1,343,499
Total U.S. Department of Agriculture			<u>1,597,038</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through CDE:			
Elementary and Secondary Education Act			
Title I, Part A	84.010	14329	1,249,811
Title II, Part A	84.367	14341	143,294
Title III, English Learner Student Program	84.365	14346	132,900
Special Education Cluster	84.027	13379	382,583
State Charter School Facilities Incentive Grants	84.242D	[1]	223,103
Total U.S. Department of Education			<u>2,131,691</u>
Total Expenditures of Federal Awards			<u>\$ 3,728,729</u>

[1] Pass-Through Entity Identifying Number not available

See accompanying note to supplementary information.

ISANA

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (continued)
FOR THE YEAR ENDED JUNE 30, 2019**

ADMINISTRATION

Nadia Shaiq	Chief Executive Officer
John Vargas	Chief Operating Officer
Kendal Turner	Chief Financial Officer
Anita Turner	Chief Academic Officer

See accompanying note to supplementary information.

ISANA

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (continued)
FOR THE YEAR ENDED JUNE 30, 2019**

ISANA Palmati Academy

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	232.30	231.07
Fourth through sixth	125.25	125.10
Seventh and eighth	34.25	34.21
Total Regular ADA	<u>391.80</u>	<u>390.38</u>
Classroom based ADA		
Transitional kindergarten through third	232.30	231.07
Fourth through sixth	125.25	125.10
Seventh and eighth	34.25	34.21
Total Classroom based ADA	<u>391.80</u>	<u>390.38</u>

ISANA Cardinal Academy

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	241.37	241.81
Fourth through sixth	116.71	116.31
Total Regular ADA	<u>358.08</u>	<u>358.12</u>
Classroom based ADA		
Transitional kindergarten through third	241.37	241.81
Fourth through sixth	116.71	116.31
Total Classroom based ADA	<u>358.08</u>	<u>358.12</u>

See accompanying note to supplementary information.

ISANA

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019**

ISANA Nascent Academy

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	58,625	175	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		58,625	175	N/A	Complied
Grade 2		58,625	175	N/A	Complied
Grade 3		58,625	175	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		58,625	175	N/A	Complied
Grade 5		58,625	175	N/A	Complied
Grade 6		58,625	175	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		58,625	175	N/A	Complied
Grade 8		58,625	175	N/A	Complied

ISANA Octavia Academy

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	58,625	175	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		58,625	175	N/A	Complied
Grade 2		58,625	175	N/A	Complied
Grade 3		58,625	175	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		58,625	175	N/A	Complied
Grade 5		58,625	175	N/A	Complied
Grade 6		58,625	175	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		58,625	175	N/A	Complied
Grade 8		58,625	175	N/A	Complied

See accompanying note to supplementary information.

ISANA

**SCHEDULE OF INSTRUCTIONAL TIME (continued)
FOR THE YEAR ENDED JUNE 30, 2019**

ISANA Achernar Academy

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	58,625	175	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		58,625	175	N/A	Complied
Grade 2		58,625	175	N/A	Complied
Grade 3		58,625	175	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		58,625	175	N/A	Complied
Grade 5		58,625	175	N/A	Complied
Grade 6		58,625	175	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		58,625	175	N/A	Complied
Grade 8		58,625	175	N/A	Complied

ISANA Himalia Academy

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	58,625	175	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		58,625	175	N/A	Complied
Grade 2		58,625	175	N/A	Complied
Grade 3		58,625	175	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		58,625	175	N/A	Complied
Grade 5		58,625	175	N/A	Complied
Grade 6		58,625	175	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		58,625	175	N/A	Complied
Grade 8		58,625	175	N/A	Complied

See accompanying note to supplementary information.

ISANA

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

Cardinal Academy	Achermar Academy	Himalia Academy	Rolas Academy	Elimination	Total
\$ 1,303,489	\$ 391,971	\$ 1,651,565	\$ -	\$ -	\$ 5,542,679
429,116	785,368	1,153,581	-	-	4,512,553
853,572	402,464	-	-	(7,896,031)	-
12,371	16,060	103,158	-	-	400,050
23,552	-	-	-	-	2,924,096
<u>\$ 2,622,100</u>	<u>\$ 1,595,863</u>	<u>\$ 2,908,304</u>	<u>\$ -</u>	<u>\$ (7,896,031)</u>	<u>\$ 13,379,378</u>
\$ 241,053	\$ 44,329	\$ 2,582	\$ -	\$ -	\$ 2,999,797
5,116	7,200	17,155	-	-	55,174
-	-	1,874,910	1,129,403	(7,896,031)	-
<u>246,169</u>	<u>51,529</u>	<u>1,894,647</u>	<u>1,129,403</u>	<u>(7,896,031)</u>	<u>3,054,971</u>
2,375,931	1,544,334	1,013,657	(1,129,403)	-	10,015,186
-	-	-	-	-	309,221
<u>2,375,931</u>	<u>1,544,334</u>	<u>1,013,657</u>	<u>(1,129,403)</u>	<u>-</u>	<u>10,324,407</u>
<u>\$ 2,622,100</u>	<u>\$ 1,595,863</u>	<u>\$ 2,908,304</u>	<u>\$ -</u>	<u>\$ (7,896,031)</u>	<u>\$ 13,379,378</u>

Cardinal Academy	Achernar Academy	Himalia Academy	Rolas Academy	Elimination	Total
\$ 3,830,293	\$ 5,109,653	\$ 7,264,116	\$ -	\$ -	\$ 31,964,383
447,172	560,901	784,361	129	-	3,728,729
683,621	1,273,850	2,042,296	255,445	-	8,172,344
7,043	16,892	3,840	100	(4,334,124)	274,989
4,968,129	6,961,296	10,094,613	255,674	(4,334,124)	44,140,445
3,036,265	4,117,197	5,791,601	248,579	-	29,495,703
1,749,509	2,170,854	3,384,354	-	(4,334,124)	14,609,674
4,785,774	6,288,051	9,175,955	248,579	(4,334,124)	44,105,377
182,355	673,245	918,658	7,095	-	35,068
2,193,576	871,089	94,999	(1,136,498)	-	10,289,339
\$ 2,375,931	\$ 1,544,334	\$ 1,013,657	\$ (1,129,403)	\$ -	\$ 10,324,407

See accompanying note to supplementary information.

Cardinal Academy	Achernar Academy	Himalia Academy	Rolas Academy	Elimination	Total
\$ 182,355	\$ 673,245	\$ 918,658	\$ 7,095	\$ -	\$ 35,068
9,230	-	-	-	-	179,133
(133,062)	(176,498)	557,727	742,769	-	19,964
123,389	(250,285)	-	-	(493,820)	-
831	752	(2,064)	44,835	-	116,268
-	-	-	-	-	575,000
72,615	(21,190)	(90,099)	(58,746)	-	(526,182)
5,116	7,200	17,155	-	-	55,174
-	-	217,280	(750,614)	493,820	-
260,474	233,224	1,618,657	(14,661)	-	454,425
-	-	-	-	-	-
260,474	233,224	1,618,657	(14,661)	-	454,425
1,043,015	158,747	32,908	14,661	-	5,088,254
\$ 1,303,489	\$ 391,971	\$ 1,651,565	\$ -	\$ -	\$ 5,542,679
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,626

See accompanying note to supplementary information.



INDEPENDENT AUDITOR'S REPORTS



CPAs & BUSINESS ADVISORS

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

Governing Board
ISANA
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ISANA (the Organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and statement of functional expense for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control over Financial Reporting

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

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

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



CPAs & BUSINESS ADVISORS

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

Governing Board
ISANA
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited ISANA's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ISANA and Affiliates' (the Organization) major Federal programs for the year ended June 30, 2019. Organization's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major Federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Organization's compliance.



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
ISANA
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on State Compliance

We have audited ISANA (the Organization) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Organization's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Organization's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

Unmodified Opinion

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

The Organization does not operate Independent Study – Course Based instruction; therefore, we did not perform any related procedures.

The Organization does not offer Non classroom-Based Instruction; therefore, we did not perform any procedures related to Non classroom-Based Instruction/Independent Study for Charter Schools or Determination of Funding for Non classroom-Based Instruction.

Eide Sully LLP

Rancho Cucamonga, California
December 13, 2019



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ISANA

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance ?	<u>No</u>

Identification of major Federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Part A</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for programs:	<u>Unmodified</u>
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ISANA

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

ISANA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

Financial Statements Findings

None reported.

Federal Awards Findings and Questioned Costs

None reported.

State Awards Findings

None reported.