



Financial Statements  
June 30, 2021

## ISANA

ISANA Nascent Academy #0716

ISANA Octavia Academy #1232

ISANA Palmati Academy #1246

ISANA Cardinal Academy #1285

ISANA Achernar Academy #1827

ISANA Himalia Academy #1858

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## Independent Auditor's Report

Governing Board  
ISANA  
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 comprise the statement of financial position as of June 30, 2021, and the related statement of activities, functional expenses, and cash flows 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. 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Organization, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and other supplementary information on pages 19-30 are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards and the other supplementary information on pages 19-30 is the responsibility of management, and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California  
December 3, 2021

ISANA  
Statement of Financial Position  
June 30, 2021

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Assets	
Current assets	
Cash	\$ 9,123,071
Accounts receivable	13,523,778
Prepaid expenses	<u>217,307</u>
Total current assets	<u>22,864,156</u>
Non-current assets	
Security deposit	93,776
Property and equipment, net	<u>2,790,728</u>
Total non-current assets	<u>2,884,504</u>
Total assets	<u><u>\$ 25,748,660</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 2,233,776
Accrued liabilities	981,988
Refundable advance	<u>1,726,692</u>
Total liabilities	<u>4,942,456</u>
Net Assets	
Without donor restrictions	20,245,885
With donor restrictions	<u>560,319</u>
Total net assets	<u>20,806,204</u>
Total liabilities and net assets	<u><u>\$ 25,748,660</u></u>

ISANA  
Statement of Activities  
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Local Control Funding Formula	\$ 32,178,496	\$ -	\$ 32,178,496
Federal revenue	9,749,898	-	9,749,898
Other state revenue	5,626,568	560,319	6,186,887
Local revenues	325,937	-	325,937
Fundraising revenue	24,362	-	24,362
	<u>47,905,261</u>	<u>560,319</u>	<u>48,465,580</u>
Total support and revenues			
Expenses			
Program services	32,057,658	-	32,057,658
Management and general	7,556,320	-	7,556,320
	<u>39,613,978</u>	<u>-</u>	<u>39,613,978</u>
Total expenses			
Change in Net Assets	8,291,283	560,319	8,851,602
Net Assets, Beginning of Year	<u>11,954,602</u>	<u>-</u>	<u>11,954,602</u>
Net Assets, End of Year	<u>\$ 20,245,885</u>	<u>\$ 560,319</u>	<u>\$ 20,806,204</u>

ISANA  
Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services	Management and General	Total Expenses
Salaries	\$ 14,396,520	\$ 3,932,243	\$ 18,328,763
Employee benefits	4,259,765	344,882	4,604,647
Payroll taxes	1,963,865	120,109	2,083,974
Fees for services	2,174,951	1,546,271	3,721,222
Advertising and promotions	5,188	894	6,082
Office expenses	990,549	170,121	1,160,670
Information technology	78,202	5,186	83,388
Occupancy	2,091,329	402,015	2,493,344
Conferences and meeting	76,479	20,805	97,284
Interest	-	34,214	34,214
Depreciation	-	208,359	208,359
Insurance	273,076	377,989	651,065
Capital outlay	1,823,544	59,506	1,883,050
Special education	291,594	-	291,594
Instructional materials	2,268,622	20,447	2,289,069
Nutrition	1,363,974	68	1,364,042
District oversight fees	-	313,211	313,211
	<u>\$ 32,057,658</u>	<u>\$ 7,556,320</u>	<u>\$ 39,613,978</u>
Total functional expenses			

ISANA  
Statement of Cash Flows  
Year Ended June 30, 2021

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Operating Activities	
Change in net assets	\$ 8,851,602
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation expense	208,359
Changes in operating assets and liabilities	
Accounts receivable	(7,529,608)
Prepaid expenses	168,021
Accounts payable	(2,863,773)
Accrued liabilities	55,103
Refundable advance	<u>1,726,692</u>
Net Cash from (used for) Operating Activities	<u>616,396</u>
Investing Activities	
Purchases of property and equipment	<u>(11,577)</u>
Net Change in Cash	604,819
Cash, Beginning of Year	<u>8,518,252</u>
Cash, End of Year	<u><u>\$ 9,123,071</u></u>
Supplemental Cash Flow Disclosure	
Cash paid during the period in interest	<u><u>\$ 34,214</u></u>

## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

ISANA (the Organization) was incorporated in the State of California in 2004 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1954. The Charter School was approved by the State of California Department of Education on May 11, 2005. The Organization operates a Home Office, as well as the following authorized charters:

#### ISANA Nascent Academy

Charter school number authorized by the State: 0716

ISANA Nascent Academy is located at 3417 West Jefferson Blvd., Los Angeles, CA and serves 572 students in grades TK-8.

#### ISANA Octavia Academy

Charter school number authorized by the State: 1232

ISANA Octavia Academy is located at 3010 Estara Ave., Los Angeles, CA and serves 455 students in grades TK-8.

#### ISANA Palmati Academy

Charter school number authorized by the State: 1246

ISANA Palmati Academy is located at 6501 Laurel Canyon Blvd., CA and serves 366 students in grades TK-8.

#### ISANA Cardinal Academy

Charter school number authorized by the State: 1285

ISANA Cardinal Academy is located at 7330 Bakman Ave., CA and serves 317 students in grades TK-5.

#### ISANA Achernar Academy

Charter school number authorized by the State: 1827

ISANA Achernar Academy is located at 310 E. El Segundo Blvd., CA and serves 452 students in grades TK-8.

#### ISANA Himalia Academy

Charter school number authorized by the State: 1858

ISANA Himalia Academy is located at 4607 South Central Ave., CA and serves 699 students in grades TK-8.

The mission of ISANA is to provide schools where all students will thrive in an atmosphere of high expectations and engaging curriculum with challenging learning activities. To do this, ISANA creates and operates high-quality charter schools that serve communities in Los Angeles, and offers programs for children and their families, including after-school, evening, and summer programs.

### **Basis of Accounting**

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

## **Net Assets**

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

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

*Net Assets with Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

## **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. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2021 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

## **Property and Equipment**

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

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

### **Revenue and Revenue Recognition**

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

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$3,478,839 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred, with an advance payment of \$1,726,692 recognized in the statement of financial position as a refundable advance.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

### **Functional Allocation of Expenses**

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

### **Income Taxes**

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

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

### **Estimates**

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

### **Financial Instruments and Credit Risk**

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

### **Recent Accounting Pronouncements**

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

The ASU is effective for the Organization for the year ended June 30, 2023. Management is evaluating the impact of the adoption of this standard.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*, which requires a nonprofit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The ASU is effective for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

### **Change in Accounting Principle**

As of July 1, 2020, the Organization adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. Management has determined that the adoption of this standard did not have a significant impact on the Organization’s financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Organization has adopted this ASU as of July 1, 2020. Management has determined that the adoption of this standard did not have a significant impact on the Organization’s financial statements.

### **Note 2 - Liquidity and Availability**

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

Cash	\$ 9,097,822
Accounts receivable	<u>12,988,708</u>
Total	<u><u>\$ 22,086,530</u></u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**Note 3 - Property and Equipment**

Property and equipment consist of the following at June 30, 2021:

Land		\$	1,157,420
Building improvements			2,258,555
Building			2,119,550
Computers and equipment			623,907
			6,159,432
Less accumulated depreciation			(3,368,704)
Total		\$	2,790,728

**Note 4 - Equipment Leases**

The Organization leases several copiers from Xerox Financial Services, LLC for each Charter School. All leases have been combined and one payment of \$16,647 is due each month. The lease expires in 2024, but may be renewed if mutually agreed upon by all parties.

Future minimum lease payments are as follows:

Year Ending June 30,		\$	
2022			199,765
2023			199,765
2024			66,588
			466,118
Total		\$	466,118

**Note 5 - Facilities Use Agreements/Operating Leases**

**ISANA Octavia Academy**

During 2019, ISANA Octavia Academy entered into a Proposition 39 Single-Year Co-Location Use Agreement (Agreement) with Los Angeles Unified School District (LAUSD) for the District School Site located at 3350 Fletcher Drive, Los Angeles, CA 90065. The single-year term of the Agreement commenced on July 1, 2020 and expires June 30, 2021. Total annual Pro Rata Share for the year ending June 30, 2021, was \$126,472.

During 2019, ISANA Octavia Academy entered into an additional Agreement with LAUSD for the District School Site located at 3010 Estara Ave., Los Angeles CA 90065. The single-year term of the Agreement commenced on July 1, 2020 and expires June 30, 2021. Total annual Pro Rata Share for the year ending June 30, 2021, was \$196,937.

**ISANA Palmati Academy**

During 2019, ISANA Palmati Academy entered into a Proposition 39 Single-Year Co-Location Use Agreement (Agreement) with Los Angeles Unified School District (LAUSD) for the District School Site located at 6501 Laurel Canyon Blvd., North Hollywood, CA 91606. The single-year term of the Agreement commenced on July 1, 2020 and expires June 30, 2021. Total annual Pro Rata Share for the year ending June 30, 2021, was \$148,288.

During 2019, ISANA Palmati Academy entered into an additional Agreement with LAUSD for the District School Site located at 8001 Ledge Ave., Sun Valley, CA 91352. The single-year term of the Agreement commenced on July 1, 2020 and expires June 30, 2021. Total annual Pro Rata Share for the year ending June 30, 2021, was \$65,481.

**ISANA Cardinal Academy**

During 2019, ISANA Cardinal Academy entered into a Proposition 39 Single-Year Co-Location Use Agreement (Agreement) with Los Angeles Unified School District (LAUSD) for the District School Site located at 7330 Bakman Ave., Sun Valley, CA 91352. The single-year term of the Agreement commenced on July 1, 2020 and expires June 30, 2021. Total annual Pro Rata Share for the year ending June 30, 2021, was \$157,668.

**ISANA Nascent Academy**

During 2019, ISANA Nascent Academy entered into a Proposition 39 Single-Year Co-Location Use Agreement (Agreement) with Los Angeles Unified School District (LAUSD) for the District School Site located at 4231 4th Ave., Los Angeles, CA 90008. The single-year term of the Agreement commenced on July 1, 2020 and expires June 30, 2021. Total annual Pro Rata Share for the year ending June 30, 2021, was \$155,081.

On May 1, 2021, ISANA Nascent Academy renewed and restated the Lease Agreement with Rafael Gonzalez Trust for the property located at 3409-3417 W. Jefferson Blvd., Los Angeles, CA 90018. The Lease has been renewed through June 30, 2025. Total lease expense for the year ending June 30, 2021 was \$274,560.

Year Ending June 30,	Lease Payment
2022	\$ 282,792
2023	291,276
2024	300,012
2025	309,024
Total	\$ 1,183,104

**ISANA Himalia Academy**

On May 5, 2017, ISANA Himalia Academy entered into a Lease Agreement with Paradise Baptist Church of Los Angeles for the property located at 5100 S. Broadway, Los Angeles, CA 90037. The lease expires June 30, 2032. Total lease expense for the year ending June 30, 2021 was \$196,680.

Future minimum lease payments under the agreement are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2022	\$ 202,584
2023	208,668
2024	214,928
2025	221,376
2026	228,017
Thereafter	<u>1,519,156</u>
Total	<u>\$ 2,594,729</u>

On May 4, 2007, ISANA Himalia Academy entered into a Lease Agreement with Pilgrim Missionary Baptist Church for the property located at 4501 Wadsworth Ave., Los Angeles, CA 90011, for a term of five years. The lease was subsequently renewed through June 30, 2027. Total lease expense for the year ending June 30, 2021 was \$232,849.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2022	\$ 237,506
2023	242,256
2024	247,101
2025	252,043
2026	257,084
Thereafter	<u>262,226</u>
Total	<u>\$ 1,498,216</u>

**ISANA Achernar Academy**

On April 26, 2016, ISANA Achernar Academy entered into a Lease Agreement with Compton Unified School District for the property located at 310 E. El Segundo Blvd., Compton, CA 90222. The lease expires June 30, 2021. Total lease expense for the year ending June 30, 2021 was \$350,000.

**Home Office**

On April 12, 2017, ISANA Home Office entered into a Lease Agreement with Paramount Plaza, LLC for the property located at 3580 Wilshire Blvd., Los Angeles, CA 90010. The lease commenced on May 1, 2017 and expires April 30, 2024. Per the terms of the lease, base rent will be increased annually 3% and an operating expense will also apply separately. Total lease expense for the year ending June 30, 2021 was \$206,573.

Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payment
2022	\$ 212,770
2023	219,153
2024	187,762
Total	\$ 619,685

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

**Note 6 - Net Assets**

Net assets consist of the following at June 30, 2021:

Net Assets Without Donor Restrictions	
Undesignated	\$ 20,245,885
Net Assets with Donor Restrictions	
Subject to expenditure for specified purpose	
Child Nutrition	\$ 527,741
After School Education and Safety (ASES)	7,329
Classified School Employee Professional Development Block Grant	25,249
	\$ 560,319

## **Note 7 - Employee Retirement Systems**

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

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

The details of the plan are as follows:

### **California State Teachers' Retirement System (CalSTRS)**

#### **Plan Description**

The Organization 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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

#### **Benefits Provided**

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

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

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

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.15%	16.15%
Required employer contribution rate	10.328%	10.328%
Required state contribution rate		

### Contributions

Required member, Organization, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the Organization's total contributions were \$2,002,853.

### On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,289,985 (10.328% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

### Note 8 - Contingencies, Risks, and Uncertainties

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

The Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

**Note 9 - Subsequent Events**

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 3, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Assembly Bill 130 approved on July 9, 2021 extends the terms of all charter schools whose terms expire on or between January 1, 2022 and June 30, 2025, inclusive, by two years. No action is required of charter authorizers or charter schools for this extension.



Supplementary Information  
June 30, 2021

**ISANA**

ISANA  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	\$ 2,497,419
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	<u>138,464</u>
Subtotal			<u>2,635,883</u>
Special Education Cluster			
Basic Local Assistance Entitlement	84.027	13379	490,502
Mental Health Allocation Plan	84.027A	15197	<u>13,503</u>
Total Special Education Cluster			<u>504,005</u>
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	1,248,367
Title II, Part A, Supporting Effective Instruction	84.367	14341	146,839
Title III, English Learner Student Program	84.365	14346	84,551
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	76,099
State Charter School Facilities Incentive Grant Program	84.282D	[1]	<u>629,281</u>
Total U.S. Department of Education			<u>5,325,025</u>
U.S. Department of Treasury			
Passed through CDE			
COVID-19 Coronavirus Relief Fund	21.019	25516	<u>3,079,699</u>
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Summer Food Service Program	10.559	13004	<u>1,345,174</u>
Total Federal Financial Assistance			<u>\$ 9,749,898</u>

[1] Pass-Through Entity Identifying Number not available.

**ORGANIZATION**

The Organization operates six schools in California. Each school is operated on the same tax identification number as the Organization. Charters were granted for each school for five-year terms, with an opportunity for renewal. Charters may be revoked by the charter authorizer for material violations of the charter, failure to meet or make progress toward student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. As of June 30, 2021, the schools operated by the Organization were as follows:

Charter School Name	Charter Number	Sponsoring District	Charter Expiration	Grades Served	Number of Students Served
ISANA Nascent Academy	0716	Los Angeles Unified School District	June 30, 2025	K-8	572
ISANA Octavia Academy	1232	Los Angeles Unified School District	June 30, 2025	K-8	455
ISANA Palmati Academy	1246	Los Angeles Unified School District	June 30, 2026	K-8	366
ISANA Cardinal Academy	1285	Los Angeles Unified School District	June 30, 2026	K-5	317
ISANA Achernar Academy	1827	Compton Unified School District	June 30, 2026	K-8	452
ISANA Himalia Academy	1858	California Department of Education	June 30, 2026	K-8	699

**GOVERNING BOARD**

MEMBER	OFFICE	TERM EXPIRES
Michael Gonzalez	Chairperson	No Term Limit
Jae Chang	Member	No Term Limit
Michael Gonzalez	Member	No Term Limit
Svea Morales	Member	No Term Limit
Vijay Patel	Member	No Term Limit

**ADMINISTRATION**

Nadia Shaiq	Chief Executive Officer
John Vargas	Chief Operations Officer

ISANA Nascent Academy

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	176	N/A	-	176	Complied
Grades 1 - 3					
Grade 1	176	N/A	-	176	Complied
Grade 2	176	N/A	-	176	Complied
Grade 3	176	N/A	-	176	Complied
Grades 4 - 6					
Grade 4	176	N/A	-	176	Complied
Grade 5	176	N/A	-	176	Complied
Grade 6	176	N/A	-	176	Complied
Grades 7 - 8					
Grade 7	176	N/A	-	176	Complied
Grade 8	176	N/A	-	176	Complied

ISANA Octavia Academy

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	176	N/A	-	176	Complied
Grades 1 - 3					
Grade 1	176	N/A	-	176	Complied
Grade 2	176	N/A	-	176	Complied
Grade 3	176	N/A	-	176	Complied
Grades 4 - 6					
Grade 4	176	N/A	-	176	Complied
Grade 5	176	N/A	-	176	Complied
Grade 6	176	N/A	-	176	Complied
Grades 7 - 8					
Grade 7	176	N/A	-	176	Complied
Grade 8	176	N/A	-	176	Complied

ISANA Palmati Academy

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	176	N/A	-	176	Complied
Grades 1 - 3					
Grade 1	176	N/A	-	176	Complied
Grade 2	176	N/A	-	176	Complied
Grade 3	176	N/A	-	176	Complied
Grades 4 - 6					
Grade 4	176	N/A	-	176	Complied
Grade 5	176	N/A	-	176	Complied
Grade 6	176	N/A	-	176	Complied
Grades 7 - 8					
Grade 7	176	N/A	-	176	Complied
Grade 8	176	N/A	-	176	Complied

ISANA Cardinal Academy

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	176	N/A	-	176	Complied
Grades 1 - 3					
Grade 1	176	N/A	-	176	Complied
Grade 2	176	N/A	-	176	Complied
Grade 3	176	N/A	-	176	Complied
Grades 4 - 5					
Grade 4	176	N/A	-	176	Complied
Grade 5	176	N/A	-	176	Complied

ISANA Achernar Academy

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	176	N/A	-	176	Complied
Grades 1 - 3					
Grade 1	176	N/A	-	176	Complied
Grade 2	176	N/A	-	176	Complied
Grade 3	176	N/A	-	176	Complied
Grades 4 - 6					
Grade 4	176	N/A	-	176	Complied
Grade 5	176	N/A	-	176	Complied
Grade 6	176	N/A	-	176	Complied
Grades 7 - 8					
Grade 7	176	N/A	-	176	Complied
Grade 8	176	N/A	-	176	Complied

ISANA Himalia Academy

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	176	N/A	-	176	Complied
Grades 1 - 3					
Grade 1	176	N/A	-	176	Complied
Grade 2	176	N/A	-	176	Complied
Grade 3	176	N/A	-	176	Complied
Grades 4 - 6					
Grade 4	176	N/A	-	176	Complied
Grade 5	176	N/A	-	176	Complied
Grade 6	176	N/A	-	176	Complied
Grades 7 - 8					
Grade 7	176	N/A	-	176	Complied
Grade 8	176	N/A	-	176	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

ISANA  
Combining Statement of Financial Position  
June 30, 2021

	Home Office	Nascent Academy	Octavia Academy	Palmati Academy
<b>Assets</b>				
<b>Current assets</b>				
Cash	\$ 919,944	\$ 1,064,833	\$ 1,453,616	\$ 1,646,305
Accounts receivable	250,197	2,239,028	1,758,696	1,346,991
Intra-entity receivable	-	2,345,022	686,279	947,569
Prepaid expenses	151,675	19,930	1,138	913
<b>Total current assets</b>	<b>1,321,816</b>	<b>5,668,813</b>	<b>3,899,729</b>	<b>3,941,778</b>
<b>Non-current assets</b>				
Security deposit	48,776	-	-	-
Property and equipment, net	2,485,571	286,043	6,324	151
<b>Total non-current assets</b>	<b>2,534,347</b>	<b>286,043</b>	<b>6,324</b>	<b>151</b>
<b>Total assets</b>	<b>\$ 3,856,163</b>	<b>\$ 5,954,856</b>	<b>\$ 3,906,053</b>	<b>\$ 3,941,929</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 1,140,642	\$ 13,164	\$ 300,126	\$ 304,548
Accrued liabilities	508,729	66,810	50,825	36,485
Refundable advance	-	394,107	247,724	205,448
Intra-entity payable	4,285,332	-	-	-
<b>Total liabilities</b>	<b>5,934,703</b>	<b>474,081</b>	<b>598,675</b>	<b>546,481</b>
<b>Net Assets (Deficit)</b>				
Without donor restrictions	(2,078,540)	5,403,839	3,253,704	3,343,347
With donor restrictions	-	76,936	53,674	52,101
<b>Total net assets (deficit)</b>	<b>(2,078,540)</b>	<b>5,480,775</b>	<b>3,307,378</b>	<b>3,395,448</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,856,163</b>	<b>\$ 5,954,856</b>	<b>\$ 3,906,053</b>	<b>\$ 3,941,929</b>

ISANA  
Combining Statement of Financial Position  
June 30, 2021

	Cardinal Academy	Achernar Academy	Himalia Academy	Elimination	Total
<b>Assets</b>					
<b>Current assets</b>					
Cash	\$ 2,083,254	\$ 1,314,565	\$ 640,554	\$ -	\$ 9,123,071
Accounts receivable	1,309,608	2,855,726	3,763,532	-	13,523,778
Intra-entity receivable	284,944	316,959	-	(4,580,773)	-
Prepaid expenses	793	14,223	28,635	-	217,307
<b>Total current assets</b>	<b>3,678,599</b>	<b>4,501,473</b>	<b>4,432,721</b>	<b>(4,580,773)</b>	<b>22,864,156</b>
<b>Non-current assets</b>					
Security deposit	-	-	45,000	-	93,776
Property and equipment, net	5,093	-	7,546	-	2,790,728
<b>Total non-current assets</b>	<b>5,093</b>	<b>-</b>	<b>52,546</b>	<b>-</b>	<b>2,884,504</b>
<b>Total assets</b>	<b>\$ 3,683,692</b>	<b>\$ 4,501,473</b>	<b>\$ 4,485,267</b>	<b>\$ (4,580,773)</b>	<b>\$ 25,748,660</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 242,575	\$ 158,099	\$ 74,622	\$ -	\$ 2,233,776
Accrued liabilities	84,268	90,667	144,204	-	981,988
Refundable advance	202,880	274,291	402,242	-	1,726,692
Intra-entity payable	-	-	295,441	(4,580,773)	-
<b>Total liabilities</b>	<b>529,723</b>	<b>523,057</b>	<b>916,509</b>	<b>(4,580,773)</b>	<b>4,942,456</b>
<b>Net Assets (Deficit)</b>					
Without donor restrictions	3,069,379	3,876,517	3,377,639	-	20,245,885
With donor restrictions	84,590	101,899	191,119	-	560,319
<b>Total net assets (deficit)</b>	<b>3,153,969</b>	<b>3,978,416</b>	<b>3,568,758</b>	<b>-</b>	<b>20,806,204</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,683,692</b>	<b>\$ 4,501,473</b>	<b>\$ 4,485,267</b>	<b>\$ (4,580,773)</b>	<b>\$ 25,748,660</b>

ISANA  
Combining Statement of Activities  
Year Ended June 30, 2021

	Home Office	Nascent Academy	Octavia Academy	Palmati Academy	Cardinal Academy
<b>Support and Revenues</b>					
Local Control Funding Formula	\$ -	\$ 6,337,491	\$ 5,025,181	\$ 4,069,725	\$ 3,740,851
Federal revenue	-	1,886,441	1,373,490	1,217,430	1,189,528
Other state revenue	-	1,400,554	915,653	749,611	673,050
Local revenues	4,734,163	20,022	4,964	988	9,396
Fundraising revenue	-	14,191	9,321	-	-
<b>Total support and revenues</b>	<b>4,734,163</b>	<b>9,658,699</b>	<b>7,328,609</b>	<b>6,037,754</b>	<b>5,612,825</b>
<b>Expenses</b>					
Program services	51,434	8,012,403	5,456,994	4,586,405	3,993,731
Management and general	3,280,015	721,005	758,418	618,558	674,304
<b>Total expenses</b>	<b>3,331,449</b>	<b>8,733,408</b>	<b>6,215,412</b>	<b>5,204,963</b>	<b>4,668,035</b>
<b>Change in Net Assets</b>	<b>1,402,714</b>	<b>925,291</b>	<b>1,113,197</b>	<b>832,791</b>	<b>944,790</b>
<b>Net Assets, (Deficit) Beginning of Year</b>	<b>(3,481,254)</b>	<b>4,555,484</b>	<b>2,194,181</b>	<b>2,562,657</b>	<b>2,209,179</b>
<b>Net Assets (Deficit), End of Year</b>	<b>\$ (2,078,540)</b>	<b>\$ 5,480,775</b>	<b>\$ 3,307,378</b>	<b>\$ 3,395,448</b>	<b>\$ 3,153,969</b>

ISANA  
Combining Statement of Activities  
Year Ended June 30, 2021

	Achernar Academy	Himalia Academy	Elimination	Total
<b>Support and Revenues</b>				
Local Control Funding Formula	\$ 5,484,071	\$ 7,521,177	\$ -	\$ 32,178,496
Federal revenue	1,768,812	2,314,197	-	9,749,898
Other state revenue	907,591	1,540,428	-	6,186,887
Local revenues	-	14,340	(4,457,936)	325,937
Fundraising revenue	100	750		24,362
<b>Total support and revenues</b>	<b>8,160,574</b>	<b>11,390,892</b>	<b>(4,457,936)</b>	<b>48,465,580</b>
<b>Expenses</b>				
Program services	5,703,615	8,009,274	(3,756,198)	32,057,658
Management and general	719,065	1,486,693	(701,738)	7,556,320
<b>Total expenses</b>	<b>6,422,680</b>	<b>9,495,967</b>	<b>(4,457,936)</b>	<b>39,613,978</b>
<b>Change in Net Assets</b>	<b>1,737,894</b>	<b>1,894,925</b>	<b>-</b>	<b>8,851,602</b>
<b>Net Assets, (Deficit) Beginning of Year</b>	<b>2,240,522</b>	<b>1,673,833</b>	<b>-</b>	<b>11,954,602</b>
<b>Net Assets (Deficit), End of Year</b>	<b>\$ 3,978,416</b>	<b>\$ 3,568,758</b>	<b>\$ -</b>	<b>\$ 20,806,204</b>

## **Note 1 - Purpose of Supplementary Schedules**

### **Schedule of Expenditures of Federal Awards**

#### Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

#### Summary of Significant Accounting Policies

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

#### Indirect Cost Rate

The Organization does not draw for indirect administrative expenses and has not elected to use the ten percent de minimus cost rate.

#### Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the Organization had no food commodities in inventory.

### **Local Education Agency Organization Structure**

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

### **Schedule of Instructional Time**

This schedule presents information on the number of instructional days offered on the traditional calendar and on any multitrack calendars by the Organization and whether the Organization complied with the provisions of *Education Code* section 47612.

### **Reconciliation of Annual Financial Report with Audited Financial Statements**

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

**Combining Statement of Financial Position and Combining Statement of Activities**

The combining statement of financial position and combining statement of activities are included to provide information regarding the individual programs of the charter schools within the Organization and are presented on the accrual basis of accounting. Eliminating entries in the combining statement of financial position and combining statement of activities are for activities between each charter school.



Independent Auditor's Reports  
June 30, 2021

**ISANA**



**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  
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, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

Rancho Cucamonga, California  
December 3, 2021



## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Governing Board  
ISANA  
Los Angeles, California

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

We have audited ISANA's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The 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.

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

In our opinion, the Organization 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, 2021.

## **Report on Internal Control over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in dark ink and is positioned above the typed name and date.

Rancho Cucamonga, California  
December 3, 2021



## Independent Auditor's Report on State Compliance

Governing Board  
ISANA  
Los Angeles, California

### Report on State Compliance

We have audited ISANA's (the Organization) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

### Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. 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 audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has 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 state compliance. However, our audit does not provide a legal determination of the Organization's compliance.

**Compliance Requirements Tested**

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

	Procedures Performed
<b>LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS (EXCEPT AS STATED IN ATTENDANCE AND DISTANCE LEARNING AND INSTRUCTIONAL TIME)</b>	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Instructional Time	Yes
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
K-3 Grade Span Adjustment	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	No, see below
District of Choice	No, see below
<b>SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS</b>	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
<b>CHARTER SCHOOLS</b>	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	Yes

Programs listed above for “Local Education Agencies Other Than Charter Schools except as stated in Attendance and Distance Learning and Instructional Time” are not applicable to charter schools; therefore, we did not perform any related procedures.

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

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

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

***Unmodified Opinion***

In our opinion, the Organization complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California  
December 3, 2021



Schedule of Findings and Questioned Costs  
June 30, 2021

**ISANA**

**Financial Statements**

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

**Federal Awards**

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

**Identification of major programs**

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
COVID-19 Education Stabilization Fund	84.425D, 84.425C
COVID-19 Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

**State Compliance**

Type of auditor's report issued on compliance for programs	Unmodified
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None reported.

None reported.

None reported.

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