



Annual Financial Report  
June 30, 2022

# Vista Charter Public Schools, Inc.

CHARTER NUMBERS: 1234, 1752, 1930, AND 2043



**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**TABLE OF CONTENTS  
JUNE 30, 2022**

---

<b><i>INDEPENDENT AUDITOR'S REPORT</i></b>	1
<b><i>FINANCIAL STATEMENTS</i></b>	
Combined Statement of Financial Position	4
Combined Statement of Activities	5
Combined Statement of Cash Flows	6
Combined Statement of Functional Expenses	7
Notes to Combined Financial Statements	11
<b><i>SUPPLEMENTARY INFORMATION</i></b>	
Schedule of Expenditures of Federal Awards	36
Local Education Agency Organization Structure	37
Schedule of Average Daily Attendance	38
Schedule of Instructional Time	40
Reconciliation of Annual Financial Report With Audited Combined Financial Statements	42
Note to Supplementary Information	43
<b><i>INDEPENDENT AUDITOR'S REPORTS</i></b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	48
Independent Auditor's Report on State Compliance	51
<b><i>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</i></b>	
Summary of Auditor's Results	56
Financial Statement Findings	57
Federal Awards and Questioned Costs	58
State Compliance Findings and Questioned Costs	59
Summary Schedule of Prior Audit Findings	60



Rudolph F. Silva, CPA  
Lisa D. Silva, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Vista Charter Public Schools, Inc.  
and Affiliated Organizations  
(California Nonprofit Public Benefit Corporations)  
Los Angeles, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying combined financial statements of Vista Charter Public Schools, Inc. (the Organization), and its Affiliated Organizations: Vista Charter Public Schools Foundation (the Foundation), 2900 W. Temple LLC and 2609 W. 5<sup>th</sup> Street, LLC (the LLCs) (California Nonprofit Public Benefit Corporations), which are comprised of the combined statement of financial position as of June 30, 2022, and the related combined statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with generally accepted auditing standards generally in the United States of America commonly referred to as (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information on pages 36-43 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated 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.



Brea, California  
December 20, 2022

*This page left intentionally blank*



**VISTA CHARTER PUBLIC SCHOOLS, INC.**  
**and AFFILIATED ORGANIZATIONS**  
**(California Nonprofit Public Benefit Corporations)**

**COMBINED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

	Vista CMS	Heritage	Condor	Horizon
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 5,049,533	\$ 1,042,321	\$ 1,592,293	\$ 350,159
Receivables	1,312,016	781,415	670,734	169,893
Intercompany Receivable	953,233	496,517	227,909	136,745
Prepaid expenses	189,288	72,598	24,703	2,989
Current portion of sales-type lease receivable	-	-	-	-
Total Current Assets	<u>7,504,070</u>	<u>2,392,851</u>	<u>2,515,639</u>	<u>659,786</u>
Non-Current Assets				
Restricted cash and investments	-	-	-	-
Security deposits	125,370	478,993	24,960	-
Sales-type lease receivable, net of current portion	-	-	-	-
Finance lease right-of-use asset	6,521,438	23,645,608	20,142,555	-
Finance lease right-of-use accumulated amortization	(543,454)	(591,140)	(503,564)	-
Fixed assets	747,032	445,799	206,929	6,501
Less: accumulated depreciation	(399,914)	(333,541)	(48,860)	(1,083)
Total Non-Current Assets	<u>6,450,472</u>	<u>23,645,719</u>	<u>19,822,020</u>	<u>5,418</u>
Total Assets	<u>\$ 13,954,542</u>	<u>\$ 26,038,570</u>	<u>\$ 22,337,659</u>	<u>\$ 665,204</u>
<b>LIABILITIES</b>				
Current Liabilities				
Payables	944,677	\$ 228,736	\$ 148,909	\$ 20,215
Deferred revenue	132,728	119,041	120,195	77,138
Due to grantor governments	263,841	139,737	17,970	22,657
Intercompany payable	393,166	1,098,111	236,382	86,745
Current portion of long-term debt	-	-	-	-
Current portion of finance lease payable	148,948	-	-	-
Total Current Liabilities	<u>1,883,360</u>	<u>1,585,625</u>	<u>523,456</u>	<u>206,755</u>
Long-Term Obligations				
Non-current portion of long-term debt	-	-	-	149,998
Finance lease payable, less current portion	6,091,834	23,645,608	20,142,555	-
Total Liabilities	<u>7,975,194</u>	<u>25,231,233</u>	<u>20,666,011</u>	<u>356,753</u>
<b>NET ASSETS</b>				
Without Donor Restrictions				
Investment in Capital Assets	347,118	112,258	158,069	5,418
Designated	290,299	432,683	472,793	73,956
Undesignated	5,341,931	262,396	1,040,786	229,077
Net Assets	<u>5,979,348</u>	<u>807,337</u>	<u>1,671,648</u>	<u>308,451</u>
Total Liabilities and Net Assets	<u>\$ 13,954,542</u>	<u>\$ 26,038,570</u>	<u>\$ 22,337,659</u>	<u>\$ 665,204</u>

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

2900 LLC	2609 LLC	Eliminations	Total
\$ 322,878	\$ 11,462,828	\$ -	\$ 19,820,012
41,895	769,671	-	3,745,624
-	-	(1,814,404)	-
-	-	-	289,578
148,948	111,320	(148,948)	111,320
<u>513,721</u>	<u>12,343,819</u>	<u>(1,963,352)</u>	<u>23,966,534</u>
657,609	-	-	657,609
-	4,269,157	-	4,898,480
6,372,490	27,642,813	-	34,015,303
-	-	-	50,309,601
-	-	-	(1,638,158)
-	314,114	-	1,720,375
-	-	-	(783,398)
<u>7,030,099</u>	<u>32,226,084</u>	<u>-</u>	<u>89,179,812</u>
<u>\$ 7,543,820</u>	<u>\$ 44,569,903</u>	<u>\$ (1,963,352)</u>	<u>\$ 113,146,346</u>
\$ -	\$ 20,540	\$ -	\$ 1,363,077
-	2,000,000	-	2,449,102
-	-	-	444,205
-	-	(1,814,404)	-
150,000	90,000	-	240,000
-	-	(148,948)	-
<u>150,000</u>	<u>2,110,540</u>	<u>(1,963,352)</u>	<u>4,496,384</u>
5,970,000	43,157,496	-	49,277,494
-	-	-	49,879,997
<u>6,120,000</u>	<u>45,268,036</u>	<u>(1,963,352)</u>	<u>103,653,875</u>
-	-	-	622,863
-	-	-	1,269,731
1,423,820	(698,133)	-	7,599,877
<u>1,423,820</u>	<u>(698,133)</u>	<u>-</u>	<u>9,492,471</u>
<u>\$ 7,543,820</u>	<u>\$ 44,569,903</u>	<u>\$ (1,963,352)</u>	<u>\$ 113,146,346</u>

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Vista CMS	Heritage	Condor	Horizon
<b>REVENUES</b>				
Local Control Funding Formula				
State apportionment	\$ 2,753,034	\$ 2,943,946	\$ 2,590,829	\$ 611,488
In-lieu property taxes	1,010,924	1,154,544	1,059,836	241,263
Federal revenue	1,191,629	947,428	695,302	158,534
Other State revenue	2,051,247	1,496,917	1,196,864	241,425
Local revenues	68,929	145,387	19,961	3,148
Interest income	-	1,966	1,574	-
School Site Fundraising	19,818	18,668	10,262	-
Total Revenues	<u>7,095,581</u>	<u>6,708,856</u>	<u>5,574,628</u>	<u>1,255,858</u>
<b>EXPENSES</b>				
Program Services	4,378,677	4,462,604	3,567,779	933,937
Management and General	1,649,570	1,814,058	1,416,898	275,002
Total Expenses	<u>6,028,247</u>	<u>6,276,662</u>	<u>4,984,677</u>	<u>1,208,939</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,067,334</u>	<u>432,194</u>	<u>589,951</u>	<u>46,919</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	4,912,014	375,143	1,081,697	261,532
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 5,979,348</u>	<u>\$ 807,337</u>	<u>\$ 1,671,648</u>	<u>\$ 308,451</u>

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

---

<u>2900 LLC</u>	<u>2609 LLC</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 8,899,297
-	-	-	3,466,567
-	-	-	2,992,893
-	-	-	4,986,453
826,935	31,335	(530,360)	565,335
18	1,633	-	5,191
-	-	-	48,748
<u>826,953</u>	<u>32,968</u>	<u>(530,360)</u>	<u>20,964,484</u>
-	-	-	13,342,998
<u>218,265</u>	<u>731,101</u>	<u>(530,360)</u>	<u>5,574,533</u>
<u>218,265</u>	<u>731,101</u>	<u>(530,360)</u>	<u>18,917,531</u>
<u>608,688</u>	<u>(698,133)</u>	<u>-</u>	<u>2,046,953</u>
815,132	-	-	7,445,518
<u>\$ 1,423,820</u>	<u>\$ (698,133)</u>	<u>\$ -</u>	<u>\$ 9,492,471</u>

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

	Vista CMS	Heritage	Condor	Horizon
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in net assets	\$ 1,067,334	\$ 432,194	\$ 589,951	\$ 46,919
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation expense	34,141	9,086	19,936	1,083
Amortization expense	271,727	591,140	503,564	-
Changes in operating assets and liabilities				
Sales-type lease receivable	-	-	-	-
Finance lease right-of-use asset	-	(23,645,608)	(20,142,555)	
Increase in receivables	356,038	(404,149)	4,958	251,463
Decrease (Increase) in prepaid expenses and other assets	(6,007)	(219,351)	(13,791)	6,113
Increase (Decrease) in payables	825,899	367,594	(346,271)	(226,821)
Increase (Decrease) in deferred revenue	(298,573)	56,379	83,326	32,753
Net Cash Provided (Used) by Operating Activities	<u>2,250,559</u>	<u>(22,812,715)</u>	<u>(19,300,882)</u>	<u>111,510</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital expenditures	-	(50,473)	(69,575)	(6,501)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from bond (net)	-	-	-	(75,000)
Lease Liability on Right of Use	(143,178)	23,645,608	20,142,555	
Loan payments	-	-	-	-
Net Cash Provided (Used) by Financing Activities	<u>(143,178)</u>	<u>23,645,608</u>	<u>20,142,555</u>	<u>(75,000)</u>
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	<u>2,107,381</u>	<u>782,420</u>	<u>772,098</u>	<u>30,009</u>
<b>Cash, Cash Equivalents, and Restricted Cash, Beginning of Year</b>	<u>2,942,152</u>	<u>259,901</u>	<u>820,195</u>	<u>320,150</u>
<b>Cash, Cash Equivalents, and Restricted Cash, End of Year</b>	<u>5,049,533</u>	<u>1,042,321</u>	<u>1,592,293</u>	<u>350,159</u>
<b>Cash and Cash Equivalents</b>	<u>5,049,533</u>	<u>1,042,321</u>	<u>1,592,293</u>	<u>350,159</u>
<b>Restricted Cash for Bond Reserve</b>				
<b>Cash, Cash Equivalents, and Restricted Cash, End of Year</b>	<u>5,049,533</u>	<u>1,042,321</u>	<u>1,592,293</u>	<u>350,159</u>
<b>Supplemental cash flow disclosure</b>				
Cash paid during the period for interest	<u>\$ 357,566</u>	<u>\$ 192,779</u>	<u>\$ 119,204</u>	<u>\$ 1,961</u>
<b>Non Cash Transactions</b>				
On Behalf STRS payments	<u>\$ 186,423</u>	<u>\$ 164,175</u>	<u>\$ 98,303</u>	<u>\$ 39,155</u>

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

<u>2900 LLC</u>	<u>2609 LLC</u>	<u>Total</u>
\$ 608,688	\$ (698,133)	\$ 2,046,953
-	-	64,246
-	-	1,957,571
(137,478)	(27,754,133)	(27,891,611)
		(43,788,163)
-	(769,671)	(561,361)
-	(4,269,157)	(4,502,193)
(181,372)	20,540	459,569
-	2,000,000	1,873,885
<u>289,838</u>	<u>(31,470,554)</u>	<u>(70,932,244)</u>
<u>-</u>	<u>(314,114)</u>	<u>(440,663)</u>
-	43,247,496	43,172,496
<u>(285,000)</u>	<u>-</u>	<u>(285,000)</u>
<u>(285,000)</u>	<u>43,247,496</u>	<u>86,532,481</u>
<u>4,838</u>	<u>11,462,828</u>	<u>15,159,574</u>
<u>975,649</u>	<u>-</u>	<u>5,318,047</u>
<u>980,487</u>	<u>11,462,828</u>	<u>20,477,621</u>
<u>322,878</u>	<u>-</u>	<u>8,357,184</u>
<u>657,609</u>	<u>-</u>	<u>657,609</u>
<u>980,487</u>	<u>-</u>	<u>9,014,793</u>
<u>\$ 218,265</u>	<u>\$ 731,101</u>	<u>\$ 1,620,876</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,056</u>

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Total Expenses
<i>Vista Charter Middle School</i>			
Teacher salaries	\$ 1,301,618	\$ 325,404	\$ 1,627,022
Teacher benefits	549,077	137,269	686,346
Teacher payroll tax	36,558	9,139	45,697
Administrative and clerical salaries	498,318	124,579	622,897
Administrative and clerical benefits	172,566	43,141	215,707
Administrative and clerical payroll tax	57,508	14,377	71,885
Instructional materials and supplies	205,945	-	205,945
Student nutrition	355,634	-	355,634
Educational programs	65,203	-	65,203
Operating expenses	437,878	109,469	547,347
Depreciation	-	34,141	34,141
Occupancy	1,253	313	1,566
Capital Outlay	-	40,156	40,156
Professional services	135,678	33,919	169,597
Travel & conference	-	8,006	8,006
Debt service	-	357,566	357,566
Amortization	-	271,727	271,727
Insurance	20,570	5,142	25,712
Special education fee	58,781	14,695	73,476
District supervisory fee	29,748	7,437	37,185
After-school program	452,346	113,086	565,432
Total Vista Charter Middle School	4,378,677	1,649,570	6,028,247

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

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES, *continued*  
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Total Expenses
<i>Vista Heritage Global Academy</i>			
Teacher salaries	\$ 1,581,223	\$ 395,306	\$ 1,976,529
Teacher benefits	541,806	135,452	677,258
Teacher payroll tax	48,681	12,170	60,851
Administrative and clerical salaries	450,150	112,537	562,687
Administrative and clerical benefits	148,360	37,090	185,450
Administrative and clerical payroll tax	52,814	13,204	66,018
Materials and supplies	468,086	-	468,086
Student nutrition	154,068	-	154,068
Educational programs	8,200	-	8,200
Operating expenses	445,545	111,386	556,931
Depreciation	-	9,086	9,086
Capital Outlay	-	50,396	50,396
Professional services	170,278	42,570	212,848
Travel & conference	-	12,594	12,594
Debt service	-	192,779	192,779
Amortization	-	591,140	591,140
Insurance	29,439	7,360	36,799
District supervisory fee	31,534	7,883	39,417
After-school program	332,420	83,105	415,525
Total Vista Heritage Global Academy	4,462,604	1,814,058	6,276,662

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



**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES, *continued*  
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Total Expenses
<i>Vista Condor Global Academy</i>			
Teacher salaries	\$ 1,346,611	\$ 336,653	\$ 1,683,264
Teacher benefits	350,897	87,724	438,621
Teacher payroll tax	39,104	9,776	48,880
Administrative and clerical salaries	379,524	94,881	474,405
Administrative and clerical benefits	75,457	18,864	94,321
Administrative and clerical payroll tax	61,446	15,362	76,808
Materials and supplies	384,810	-	384,810
Student Nutrition	214,822	-	214,822
Educational programs	6,135	-	6,135
Operating expenses	302,437	75,609	378,046
Depreciation	-	19,936	19,936
Capital Outlay	-	23,435	23,435
Professional services	137,587	34,397	171,984
Travel & conference	-	10,256	10,256
Debt service	-	119,204	119,204
Amortization	-	503,564	503,564
Insurance	25,469	6,367	31,836
District supervisory fee	28,708	7,177	35,885
After-school program	214,772	53,693	268,465
Total Vista Condor Global Academy	3,567,779	1,416,898	4,984,677

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

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES, *continued*  
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Total Expenses
<i>Vista Horizon Global Academy</i>			
Teacher salaries	\$ 258,528	\$ 64,632	\$ 323,160
Teacher benefits	119,786	29,947	149,733
Teacher payroll tax	11,315	2,829	14,144
Administrative and clerical salaries	207,438	51,860	259,298
Administrative and clerical benefits	12,507	3,127	15,634
Administrative and clerical payroll tax	10,487	2,622	13,109
Materials and supplies	99,516	-	99,516
Student nutrition	68,933	-	68,933
Operating expenses	59,645	14,911	74,556
Capital Outlay	-	78,835	78,835
Professional services	59,626	14,906	74,532
Travel & conference	-	1,751	1,751
Debt service	-	1,961	1,961
Insurance	5,284	1,321	6,605
Special education fee	14,029	3,507	17,536
District supervisory fee	6,842	1,711	8,553
Total Vista Horizon Global Academy	<u>933,937</u>	<u>275,002</u>	<u>1,208,939</u>
<i>2900 W. Temple LLC</i>			
Interest	-	218,265	218,265
Total 2900 W. Temple LLC	<u>-</u>	<u>218,265</u>	<u>218,265</u>
<i>2609 W. 5th St. LLC</i>			
Interest	-	731,101	731,101
Total 2609 W. 5 <sup>th</sup> St. LLC	<u>-</u>	<u>731,101</u>	<u>731,101</u>
Eliminations	-	(530,360)	(530,360)
Total Functional Expenses	<u>\$ 13,342,998</u>	<u>\$ 5,574,533</u>	<u>\$ 18,917,531</u>

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

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

***NOTE 1 - ORGANIZATION AND MISSION***

*Vista Charter Public Schools, Inc.*

Vista Charter Public Schools, Inc. (the Organization) is a nonprofit public benefit corporation located at 2900 W. Temple Street, Los Angeles, CA 90026. Under the Charter Schools Act of 1992, a charter school is authorized to elect to operate as, or be operated by, a nonprofit public benefit corporation. The Organization is organized and operated exclusively for educational and charitable purposes pursuant to and within the meaning of Section 501(c)(3) of the Internal Revenue Code.

The Organization operates four charter schools (the Charter Schools) in Los Angeles and Orange counties serving students in transitional kindergarten through grade eight. The Charter Schools' mission is to create a transformative TK-12 learning experience that is engaging, globally oriented, and builds a strong STEAM foundation for college and career readiness in a learning environment that allows students to have power in developing their identity within personal, interpersonal and educational realms. We aim to provide a quality education for all students by focusing on both heart and mind as critical tools of student engagement in learning. Our compassionate community of global learners focuses on developing students' knowledge and skills, as well as their attitudes, behaviors, aspirations, and beliefs for success in the 21st-century economy.

*Vista Charter Middle School – Charter No. 1234*

Vista Charter Middle School (Vista CMS) was formed as a charter school pursuant to *California Education Code* Section 47600 under a charter agreement with the Los Angeles Unified School District. The charter agreement was approved by the Los Angeles Unified School District in 2010 and has been renewed for a five-year term expiring in 2025. *Assembly Bill 130, approved by the Governor 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, thus, the charter term does not expire until June 30, 2027.* Vista Charter Middle School is located at 2900 W. Temple St., Los Angeles, California. Vista Charter Middle School opened September 1, 2010, and currently serves approximately 362 students in grades six through eight.

*Vista Heritage Global Academy – Charter No. 1752*

Vista Heritage Global Academy (Heritage) was formed as a charter school pursuant to *California Education Code* Section 47600 under a charter agreement with the Orange County Department of Education. The charter agreement was entered into in July 2015 and renewed for a five-year term beginning in 2020 and expiring in 2025. *Assembly Bill 130, approved by the Governor 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, thus, the charter term does not expire until June 30, 2027.* Vista Heritage Global Academy is located at 2069 W. 5<sup>th</sup> Street in Santa Ana, California. Vista Heritage Global Academy opened August 24, 2015, and currently serves approximately 422 students in grades sixth through eighth. In 2021, a material revision was granted to Heritage to include grades 9-12. The high school is known as Vista Meridian Global Academy and currently serves students in grades nine and ten and will expand and add a grade level each year to grade twelve.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

*Vista Condor Global Academy – Charter No. 1930*

Vista Condor Global Academy (Condor) was formed as a charter school pursuant to *California Education Code* Section 47600 under a charter agreement with the Orange County Department of Education. The charter agreement was entered into in April 2018 expiring in 2023. *Assembly Bill 130, approved by the Governor 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, thus, the charter term does not expire until June 30, 2025.* Vista Condor Global Academy is located at 2609 W. 5<sup>th</sup> Street, Santa Ana, California. Vista Condor Global Academy opened August 13, 2018, and currently serves approximately 323 students in transitional kindergarten through grade five.

*Vista Horizon Global Academy – Charter No. 2043*

Vista Horizon Global Academy (Horizon) was formed as a charter school pursuant to *California Education Code* Section 47600 and was authorized by the Los Angeles Unified School District at its November 2018 board meeting for a five-year term expiring in 2024. *Assembly Bill 130, approved by the Governor 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, thus, the charter term does not expire until June 30, 2026.* Vista Horizon Global Academy is located at 980 S. Hobart Blvd., Los Angeles, California. Vista Horizon Global Academy opened July 1, 2019, and currently serves approximately 121 students in transitional kindergarten through grade five.

**Other Related Entities**

*2900 W. Temple, LLC*

In 2014, the Organization formed the 2900 W. Temple, LLC (the 2900 LLC) exclusively for charitable purpose solely related to property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. The Charter Schools make lease payments to the LLC, in accordance with the lease agreements. Vista Charter Public Schools, Inc. is the sole member of the 2900 LLC.

*2609 W. 5<sup>th</sup> Street, LLC*

In 2021, the Organization formed the 2609 W. 5<sup>th</sup> Street, LLC (the 2609 LLC) exclusively for charitable purpose solely related to property and assets of the Organization, for charitable purposes as specified in Section 501(c)(3) of the Internal Revenue Service. The Charter Schools make lease payments to the LLC, in accordance with the lease agreements. Vista Charter Public Schools, Inc. is the sole member of the 2609 LLC.

*Vista Charter Public Schools Foundation*

Vista Charter Public Schools Foundation (the Foundation) is organized for the public and educational support purposes as specified in its Articles of Incorporation. It is not organized for private gain of any one individual person. It is organized under the Nonprofit Corporation Law of California ("California Nonprofit Corporation Law") for public Purposes.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

1. To support the charitable and educational mission of Vista Charter Public Schools, Inc., a California nonprofit, tax-exempt corporation, and any and all California public charter school that the Organization operates;
2. To undertake any and all additional activities as may be proper in connection with this corporation's specific purposes for which this corporation is formed, and which are exclusively charitable and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986.

The Foundation did not have any activity during the year ended June 30, 2022.

*California Charter Schools Joint Powers Authority*

The Organization's charter schools are associated with the California Charter Schools Joint Powers Authority (the JPA). The JPA does not meet the criteria for inclusion as a component unit of the Charter Schools. The JPA arranges for and provides for various types of insurances for its member schools as requested. The JPA is governed by boards consisting of one or more representatives from each member. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member schools beyond their representation on the boards. Each member school pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. Information on JPAs financials can be obtained by contacting the JPA directly at 6401 Linda Vista Road, Orange, California, 92111. Organization's total expenses paid to the JPA for year ended June 30, 2022, were \$9,282.

*El Dorado Charter Special Education Local Plan Area (SELPA)*

The Organization's Heritage and Condor charter schools are associated with the El Dorado Charter SELPA (the SELPA). The SELPA does not meet the criteria for inclusion as a component unit of the Organization. The SELPA provided special education ancillary and/or related services. Total expenses for year ended June 30, 2022, were \$12,265.

*Los Angeles County Office of Education Special Education Local Plan Area (SELPA)*

The Organization's Vista CMS and Horizon charter schools are associated with the Los Angeles County Office of Education SELPA (the SELPA). The SELPA does not meet the criteria for inclusion as a component unit of the Organization. The SELPA provided special education ancillary and/or related services.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES**

**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.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

**Principles of Combination**

The combined financial statements include the accounts of Vista Charter Middle School, Vista Heritage Global Academy, Vista Condor Global Academy, and Vista Horizon Global Academy. All material intercompany transactions have been eliminated (Eliminations). As a part of its mission, Vista Charter Public Schools, Inc., has created a limited liability company that owns real estate for educational purposes. Vista Charter Public Schools, Inc., is the sole member of the LLCs. They lease these facilities to the Organization. Since this support is closely aligned with Vista Charter Public Schools, Inc. and they are financially inter-related, the LLCs' financial information is combined with the Vista Charter Public Schools, Inc. audit. This consolidation is required due to common control with shared leadership and management. For disclosure purposes, the financial information of the entities is separated within the report as a matter of clarification.

**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. The board of directors has designated \$1,269,731 in net assets without donor restrictions for the year ended June 30, 2022.
- *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 those resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Cash and Cash Equivalents**

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 and cash equivalents (including cash in the County Investment Pool and LLC investments).

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

**Receivables and Credit Policies**

Receivables 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. Receivables 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 receivables as of June 30, 2022, 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.

**Intercompany Receivable/Payable**

Intercompany receivable/payable results from a net cumulative difference between resources provided by on charter school account to the other charter schools and reimbursement for those resources from each charter school to the home office account. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

**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, 2022.

**Investments**

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

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

**Revenue and Revenue Recognition**

Revenue is recognized when earned. 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. The Organization receives federal and state grants, which are paid through the California Department of Education or other state agencies. Revenues related to these federal and state grants 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 and grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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. The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present 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.

**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 organizations described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. 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 their exempt purposes. 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.



**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

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. Accordingly, no accounting adjustment has been made to the financial statements.

**Estimates**

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

**Financial Instruments and Credit Risk**

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

**Finance and Operating ROU**

Right-of-Use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Finance and operating lease ROU assets and liabilities are recognized at the lease commencement date and are based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, a risk-free rate is utilized in lieu of determining an incremental borrowing rate at the commencement date in deciding the present value of lease payments. The finance and operating lease ROU asset also include any lease payments made and excludes lease incentives. Lease expense is recognized on a straight-line basis over the lease term. Lease agreements with lease and non-lease components are generally accounted for separately.

**Changes in Accounting Principles**

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

**VISTA CHARTER PUBLIC SCHOOLS, INC.**  
**and AFFILIATED ORGANIZATIONS**  
**(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at June 30, 2022, consisted of the following:

	Reported Amount				
	Vista CMS	Heritage	Condor	Horizon	LLCs
Deposits					
Cash on hand and in banks	\$ 5,049,533	\$ 747,946	\$ 1,224,942	\$ 350,159	\$ 11,785,706
Cash in county treasury	-	294,375	367,351	-	-
Total	<u>\$ 5,049,533</u>	<u>\$ 1,042,321</u>	<u>\$ 1,592,293</u>	<u>\$ 350,159</u>	<u>\$ 11,785,706</u>
Restricted cash	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657,609</u>

	Total	Bank Balance
Deposits		
Cash on hand and in banks	\$ 19,158,286	\$19,250,698
Cash in county treasury	661,726	N/A
Total	<u>\$ 19,820,012</u>	<u>\$19,250,698</u>
Restricted cash	<u>\$ 657,609</u>	<u>\$ 657,609</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2022, the Organization had a balance of \$17,658,286 in excess of FDIC insured limits. Management believes that the Organization is not exposed to any significant risk related to cash.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 4 - 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 date, comprises the following:

	Vista CMS	Heritage	Condor	Horizon
Cash and cash equivalents	\$ 5,049,533	\$ 1,042,321	\$ 1,592,293	\$ 350,159
Accounts receivable	1,312,016	781,415	670,734	169,893
Prepays	189,288	72,597	24,703	2,989
Total	<u>\$ 6,550,837</u>	<u>\$ 1,896,333</u>	<u>\$ 2,287,730</u>	<u>\$ 523,041</u>
	<u>LLCs</u>	<u>Total</u>		
Cash and cash equivalents	\$ 11,785,706	\$ 19,820,012		
Accounts receivable	-	2,934,058		
Prepays	-	289,577		
Total	<u>\$ 11,785,706</u>	<u>\$ 23,043,647</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. The Organization invests cash in excess of daily requirements in county investment pools and money market funds. Occasionally, the board will designate a portion of any operating surplus to its operating reserve. As of June 30, 2022, the Organization has reserves of \$1,269,731 recorded for restricted programs.

**NOTE 5 - INVESTMENTS**

**Summary of Investments**

Investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Investment Type	Charter Schools	LLCs	Total
Orange County Pooled Investment Funds	\$ 661,726	\$ -	\$ 661,726
U.S. Government obligations	-	657,609	657,609
Cash and money market funds (at cost)	-	11,785,706	11,785,706
Total	<u>\$ 661,726</u>	<u>\$ 12,443,315</u>	<u>\$ 13,105,041</u>

All assets have been valued using a market approach, with quoted market prices.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Cash in County Treasury**

The Organization is a voluntary participant and therefore maintains a portion of its cash in the Orange County Treasury as part of the common investment pool. The County Treasury is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer's investment pool, banker's acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse agreements.

The fair value of the Organization's investments in the pool is reported in the accompanying financial statements at amounts based upon the pro-rata share of the fair value provided by the County Treasury for the entire County Treasury portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasury, which are recorded on an amortized cost basis. Cash may be added or withdrawn from the investment pool without limitation.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Organization does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Organization manages exposure to interest rate risk by investing in the County Pool.

**Weighted Average Maturity**

The Organization monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

Investment Type	Reported Amount	Weighted Average Days to Maturity
Orange County Pooled Investment Funds	\$ 661,726	375

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2022, consisted of the following:

	Vista CMS	Heritage	Condor	Horizon	LLCs	Total
Local Control Funding Formula	\$ 920,092	\$ 352,266	\$ 388,459	\$ 87,979	\$ -	\$ 1,748,796
Federal receivables	176,456	333,244	162,407	58,930	-	731,037
Other State receivables	164,023	33,753	96,977	13,926	-	308,679
Lottery	48,945	16,137	12,614	9,058	-	86,754
Local receivables	2,500	46,015	10,277	-	811,566	870,358
Total Receivables	\$ 1,312,016	\$ 781,415	\$ 670,734	\$ 169,893	\$ 811,566	\$ 3,745,624

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 - PREPAIDS AND OTHER ASSETS**

Prepays and other assets consisted of the following at June 30, 2022:

	Vista CMS	Heritage	Condor	Horizon	Total
Rent	\$ 27,183	\$ -	\$ -	\$ -	\$ 27,183
Security deposits	125,370	478,994	24,960	-	629,324
Professional development	2,585	-	-	-	2,585
Insurance	120,188	-	100	-	120,288
Computer and software	16,422	20,986	12,645	1,688	51,741
Other	22,910	51,611	11,958	1,301	87,780
Total Prepaid Expenses	<u>\$ 314,658</u>	<u>\$ 551,591</u>	<u>\$ 49,663</u>	<u>\$ 2,989</u>	<u>\$ 918,901</u>

**NOTE 8 - RELATED PARTY TRANSACTIONS**

Related parties as defined by generally accepted accounting standards include: (1) Affiliates of the entity; (2) Management and members of their immediate families, or; (3) Other parties that can significantly influence management or operating policies.

The Charter Schools share the same Board of Directors. During the year, the Charter Schools have related transactions that are recorded in their respective related party accounts. At year end, the related party accounts are reconciled to ensure all transactions between the Charter Schools are properly recorded, and all intercompany related party accounts have been eliminated.

**Due To/From Related Entities**

Due to/from related entities at June 30, 2022, consisted of the following:

Due From	Due To
Vista CMS	<u>Horizon</u> \$ 50,000
Condor	<u>Vista CMS</u> \$ 610,067
Total due from/to related entities	<u>\$ 660,067</u>

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

***NOTE 9 - MARKET VALUE OF FINANCIAL ASSETS AND LIABILITIES***

The Organization determines the fair market values of certain financial instruments based on the fair value hierarchy established in FASB ASC 820-10-50, which requires an entity to maximize the use of observable inputs and minimize the use unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities, corporate debt securities, derivative contracts, residential mortgage, and loans held-for-sale.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, residential MSRs, asset-backed securities (ABS), highly structured or long-term derivative contracts and certain collateralized debt obligations (CDO) where independent pricing information was not able to be obtained for a significant portion of the underlying assets.

Uncategorized - Investments in the Orange County Treasury Investment Pool are not measured using the input levels above because the Charter Schools' transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

The fair value measurements are as follows at June 30, 2022:

Investment Type	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Government obligations	\$ -	\$ 657,609	\$ -	\$ 657,609
Cash and money market funds (at cost)	11,785,706	-	-	11,785,706
Orange County Treasury Investment Pool (Uncategorized)	-	-	-	661,726
Total Restricted Cash and Investments	<u>\$ 11,785,706</u>	<u>\$ 657,609</u>	<u>\$ -</u>	<u>\$ 13,105,041</u>

**NOTE 10 - FIXED ASSETS**

Fixed assets at June 30, 2022, consisted of the following:

	Vista CMS	Heritage	Condor	Horizon
Land and land improvements	\$ 457,437	\$ -	\$ -	\$ -
Buildings	-	12,925	27,266	-
Leasehold improvements	21,080	279,398	54,839	-
Equipment, furniture and fixtures	166,068	153,476	111,213	6,501
Construction in progress	102,447	-	13,611	-
Subtotal	747,032	445,799	206,929	6,501
Less: accumulated depreciation	(399,914)	(333,541)	(48,860)	(1,083)
Total Fixed Assets	<u>\$ 347,118</u>	<u>\$ 112,258</u>	<u>\$ 158,069</u>	<u>\$ 5,418</u>

During the year ended June 30, 2022, the Charter Schools and the LLC had \$64,246 charged for depreciation expense.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 - PAYABLES**

Payables at June 30, 2022, consisted of the following:

	Vista CMS	Heritage	Condor	Horizon	LLCs	Total
Due to grantor governments	\$ 263,841	\$ 139,737	\$ 17,970	\$ 22,657	\$ -	\$ 444,205
Salaries and benefits	42,156	82,664	62,854	12,090	-	199,764
Vendor payables	36,509	104,085	81,750	6,396	20,540	249,280
Accrued liabilities	96,341	41,987	4,305	1,729	-	144,362
Due to other agencies	769,671	-	-	-	-	769,671
Total Payables	<u>\$ 1,208,518</u>	<u>\$ 368,473</u>	<u>\$ 166,879</u>	<u>\$ 42,872</u>	<u>\$ 20,540</u>	<u>\$ 1,807,282</u>

**NOTE 12 - DEFERRED REVENUE**

Deferred revenue at June 30, 2022, consisted of the following:

	Vista CMS	Heritage	Condor	Horizon	LLCs	Total
Federal/State funding	<u>\$ 132,728</u>	<u>\$ 119,041</u>	<u>\$ 120,195</u>	<u>\$ 77,138</u>	<u>\$ 2,000,000</u>	<u>\$ 2,449,102</u>

**NOTE 13 - LONG-TERM OBLIGATIONS**

Long-term obligations for the year ended June 30, 2022, are summarized as follows:

	Balance at July 1, 2021	Additions	Deductions	Balance at June 30, 2022	Due in One Year
Revolving Loans Payable	\$ 224,998	\$ -	\$ -	\$ 224,998	\$ 75,000
Bonds Payable	6,405,000	43,247,496	435,000	49,217,496	240,000
Total	<u>\$ 6,685,006</u>	<u>\$ 43,247,496</u>	<u>\$ 435,000</u>	<u>\$ 49,497,502</u>	<u>\$ 315,000</u>

**Charter School Revolving Loan Fund Program (Revolving Loans Payable)**

*Vista Horizon Global Academy*

The Organization entered into a two-year loan agreement with the California School Financing Authority to supplement cash flows for Horizon during implementation years. The agreement provided for annual payments of \$25,000 and \$50,000 plus accrued interest for a period of three to five years, beginning August 1, 2019, and August 1, 2022. Payments include interest at a rate of .4 to 2.21 percent.



**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

Future payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 75,000	\$ 1,322.00	\$ 76,322.00
2024	75,000	586	75,586
Total future maturities	<u>\$ 150,000</u>	<u>\$ 1,908</u>	<u>\$ 151,908</u>

**2014 Bonds**

In October 2014, the 2900 LLC entered into a loan agreement with the California Municipal Finance Authority for the issuance of \$7,075,000 in Charter Lease Revenue Bonds. The funds were used for financing the costs of acquisition of land and education and related facilities for use as a charter school facility located at 2900 West Temple Street, Los Angeles, California. The charter school facilities are leased by Vista Charter Middle School.

The Series 2014 Charter School Lease Revenue Bonds were sold at an original issue discount of \$63,592, amounting to total bond proceeds, net of the original issue discount, of \$7,011,408. Terms of the bond call for principal and interest payments due for each year ending July 1.

Bond discount arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the discount decrease the face value of the bond and then amortize the discount over the life of the bond. The discounts are amortized over the life of the bond using the straight-line method.

The following bond was issued at a discount resulting in effective interest as follows:

**2014 Charter School Lease Revenue Bonds**

---

Par amount of bonds	\$ 7,075,000
Periods	30 years
Effective interest rate	3.70%

**VISTA CHARTER PUBLIC SCHOOLS, INC.**  
**and AFFILIATED ORGANIZATIONS**  
**(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

The Series 2014 Charter School Lease Revenue Bonds mature as follows:

<u>Bond Component</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Maturity Date</u>
2024 Tax-Exempt Term Bonds	5.000%	\$ 1,265,000	July 1, 2024
2029 Tax-Exempt Term Bonds	5.125%	\$ 930,000	July 1, 2029
2034 Tax-Exempt Term Bonds	5.375%	\$ 1,195,000	July 1, 2034
2038 Tax-Exempt Term Bonds	6.000%	\$ 1,225,000	July 1, 2038
2044 Tax-Exempt Term Bonds	6.000%	\$ 2,460,000	July 1, 2044

Future maturities of bonds payable are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 150,000	\$ 348,840	\$ 498,840
2024	160,000	340,290	500,290
2025	170,000	339,765	509,765
2026	175,000	335,472	510,472
2027	180,000	330,500	510,500
2027-2031	1,025,000	1,095,188	2,120,188
2032-2036	1,330,000	1,125,667	2,455,667
2037-2041	1,775,000	628,968	2,403,968
2042-2044	1,155,000	274,552	1,429,552
Total future maturities	<u>\$ 6,120,000</u>	<u>\$ 4,819,242</u>	<u>\$ 10,939,242</u>

**2021 Bonds**

In October 2021, the 2609 LLC entered into a loan agreement with the California School Finance Authority for the issuance of \$41,695,000 in Charter Lease Revenue Bonds. The funds were used for financing the costs of acquisition of land and education and related facilities for use as a charter school facility located at 2609 W. 5<sup>th</sup> Street, Santa Ana, California. The charter school facilities are leased by Condor and Heritage.

The Series 2021 Charter School Lease Revenue Bonds were sold at an original issue premium of \$2,927,321, amounting to total bond proceeds, net of the original issue discount, of \$833,900. Terms of the bond call for principal and interest payments due for each year ending July 1.

Bond discount arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the discount decrease the face value of the bond and then amortize the discount over the life of the bond. The discounts are amortized over the life of the bond using the straight-line method.

**VISTA CHARTER PUBLIC SCHOOLS, INC.**  
**and AFFILIATED ORGANIZATIONS**  
**(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

The following bond was issued at a discount resulting in effective interest as follows:

**2021 Charter School Lease Revenue Bonds**

Par amount of bonds	\$ 41,695,000
Periods	40 years
Effective interest rate	4.00%

The Series 2021 Charter School Lease Revenue Bonds mature as follows:

Bond Component	Interest Rate	Amount	Maturity Date
2031 Tax-Exempt Term Bonds	4.000%	\$ 3,680,000	June 1, 2031
2041 Tax-Exempt Term Bonds	4.000%	\$ 7,970,000	June 1, 2041
2051 Tax-Exempt Term Bonds	4.000%	\$ 11,790,000	June 1, 2051
2061 Tax-Exempt Term Bonds	4.000%	\$ 17,455,000	June 1, 2061
2025 Tax-Exempt Term Bonds	3.750%	\$ 800,000	June 1, 2025

Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 90,000	\$ 1,665,800	\$ 1,755,800
2024	400,000	1,662,425	2,062,425
2025	510,000	1,647,425	2,157,425
2026	525,000	1,627,800	2,152,800
2027	545,000	1,606,800	2,151,800
Thereafter	39,625,000	33,550,200	73,175,200
Total future maturities	\$ 41,695,000	\$ 41,760,450	\$ 83,455,450

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

**Debt Service Coverage and Days Cash on Hand**

Under the current bonding agreements, the Organization is required to maintain a Debt Service Coverage Ratio 1.20 and Cash Days on Hand of 45 days.

The Debt Service Coverage Ratio is calculated by dividing the combined Net Income Available for Debt Service by the Maximum Annual Debt Service for all outstanding indebtedness. As of June 30, 2022, the Organization had a 2.80 Debt Service Coverage Ratio and was in compliance with the 1.2 required ratio and cash on hand for 384 days meeting the required 45 days on hand.

Debt Service Coverage	2021-22 Actual	2022-23 Budget	2023-24 Budget
Net Income	\$ 2,046,953	\$ 1,086,592	\$ 1,356,383
Depreciation	64,246	64,246	64,246
Amortization	1,957,571	1,957,571	1,957,571
Rent	2,254,294	2,254,294	2,254,294
Income Available for Coverage	6,323,064	5,362,703	5,632,494
Debt Service for LLC			
Total Rent/ Debt Service	2,254,294	\$ 2,563,419	\$ 2,660,419
<b>Debt Service Coverage</b>	<b>2.80</b>	<b>2.09</b>	<b>2.12</b>
Limit	1.20	1.20	1.20
Compliance	Yes	Yes	Yes

Days Cash on Hand	2021-22 Actual	2022-23 Budget	2023-24 Budget
Total Expenses	\$18,917,531	\$ 17,850,342	\$ 21,557,898
Depreciation	64,246	64,246	64,246
Amortization	1,957,571	1,957,571	1,957,571
Cash Expenses	18,853,285	17,786,096	21,493,652
Expense/Day	51,653	48,729	58,887
Cash	19,820,012	8,322,230	8,500,000
<b>Days Cash on Hand</b>	<b>384</b>	<b>171</b>	<b>144</b>
Limit	45	45	45
Compliance	Yes	Yes	Yes

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

***NOTE 14 - FINANCE LEASES***

Vista Charter Public Schools, Inc. (the Organization) leases certain real property with 2900 W. Temple, LLC and 2609 W. 5<sup>th</sup> Street, LLC for the operation of charter schools with various terms under long-term, non-cancelable operating lease and finance lease agreements. The leases expire at various dates through June 1, 2081; and provide for renewal options ranging from one year to seven years. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The agreements generally require The Organization to pay insurance and repairs. The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate. The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Organization has real property short term lease agreements for the year ended June 30, 2022. The Organization elected the practical expedient to not separate lease and non-lease components for real estate leases.

Total lease costs for the year ended June 30, 2022, were as follows:

Finance lease cost:	
Interest Expense:	\$ 1,618,915
Amortization of right-of-use-assets	<u>1,957,571</u>
Total lease cost	<u>\$ 3,576,486</u>

The following table summarizes the supplemental cash flow information for the year ended June 30, 2022:

Cash Paid for amounts included in the measurement of lease liabilities	
Financing cash flow for finance leases	\$ 143,178
Right-of-use assets obtained in exchange for lease liabilities	
Finance Lease 2900 LLC	\$ 6,521,438
Finance Lease 2609 LLC	\$ 43,788,163

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

Future minimum payments determined under the guidance in Topic 840 are listed below as of June 30, 2022.

Fiscal Year Ending June 30,	2900 LLC	2609 LLC	Total
2023	\$ 498,494	\$ 1,755,800	\$ 2,254,294
2024	500,994	2,062,425	2,563,419
2025	502,994	2,157,425	2,660,419
2026	499,281	2,152,800	2,652,081
2027	497,281	2,151,800	2,649,081
Thereafter	8,510,213	73,175,200	81,685,413
Total	<u>\$11,009,257</u>	<u>\$83,455,450</u>	<u>\$94,464,707</u>

***NOTE 15 - 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) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

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 each 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.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

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

**Benefits Provided**

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

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

The 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, 2022, are summarized as follows:

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

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

**Contributions**

Required member, the 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, 2022, are presented above and the Organization's total contributions were \$845,539.

**California Public Employees Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013) and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.



**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

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

	<u>School Employer Pool (CalPERS)</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Organization is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total Organization's contributions were \$223,171.

**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 \$488,056 (10.828% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

**403(b) Tax Deferred Annuity Plan**

The Organization contributes to an employee 403(b) Tax Deferred Annuity Plan (TDA), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2022**

---

***NOTE 16 - CONTINGENCIES***

**Grants**

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.

**Litigation**

The Organization is not currently a party to any legal proceedings.

***NOTE 17 - COMMITMENTS***

The Organization makes payments to the authorizing agency for oversight and facility usage. Fees associated with oversight and facility usage consisted of 3.0 percent of revenue from local control funding formula sources.

***NOTE 18 - SUBSEQUENT EVENTS***

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the combined financial statements from the balance sheet date through December 20, 2022, which is the date the combined financial statements were available to be issued. Management has determined that there were no subsequent events or transactions, other than those noted below, that would have a material impact on the current year combined financial statements.

In May 2022, the Organization's Board approved a merger to bring to Palm Lane Elementary School (Charter No. 1932) into the Vista Charter Public Schools organization. As of July 1, 2022, the Board of Directors of New Century Charter Public Schools (the Corporation) has transferred management responsibilities to Vista Charter Public Schools, Inc. The Corporation is in the process of dissolving and transferring all related assets and liabilities to Vista Charter Public Schools for the 2022-23 and future school years. The Organization petitioned Anaheim Elementary School District and was approved for a charter for the term July 1, 2018 – June 30, 2025. *Assembly Bill 130, approved by the Governor 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, thus, the charter term does not expire until June 30, 2027.* Palm Lane Elementary School has been renamed and is now Palm Lane Global Academy.

On July 1, 2022, Dr. Catherine Real came on board as Principal of Vista Meridian Global Academy and Roxanne Alessandro came on board as Principal of Condor and Heritage.

## **SUPPLEMENTARY INFORMATION**

*This page left intentionally blank*

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through California Department of Education (CDE):			
Elementary and Secondary Schools Emergency Relief (ESSER):			
ESSER	84.425D	15536	\$ 243,528
ESSER II	84.425D	15547	459,548
ESSER III	84.425U	15559	62,644
ESSER III, Learning Loss	84.425U	15621	91,214
Expanded Learning Opportunities (ELO) ESSER II	84.425D	15618	10,275
Expanded Learning Opportunities (ELO) GEER II	84.425C	15619	34,499
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	446,572
Title II, Part A - Supportive Effective Instruction	84.367	14341	53,910
Title III - Limited English Proficient (LEP) Student Program	84.365	14346	52,759
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	34,166
Title IV, Part B - 21st Century Community Learning Centers Program	84.287	14349	552,011
Special Education Cluster: Individuals with Disabilities Education Act (IDEA):			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	187,808
Total U.S. Department of Education			<u>2,228,934</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	763,959
Total U.S. Department of Agriculture			<u>763,959</u>
TOTAL FEDERAL PROGRAMS			<u><u>\$ 2,992,893</u></u>

See accompanying note to supplementary information.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
JUNE 30, 2022**

---

**ORGANIZATION**

Vista Charter Public Schools, Inc. (the Organization) was established in 2007. The Organization operates four charter schools: Vista Charter Middle School (Charter No. 1234) and Vista Horizon Global Academy (Charter No. 2043), each authorized by the Los Angeles Unified School District; and Vista Heritage Global Academy (Charter No. 1752) and Vista Condor Global Academy (Charter No. 1930), each authorized by the Orange County Department of Education.

The Board of Directors and the Administration as of June 30, 2022, were as follows:

**BOARD OF DIRECTORS**

<u>MEMBER</u>	<u>OFFICE</u>	<u>FOUR-YEAR TERM EXPIRES</u>
Paul Vieyera	President	June 30, 2023
Michele Bauer-Bean	Secretary	June 30, 2023
Mimi Kim	Treasurer	June 30, 2023
Geronimo Gaytan	Member	June 30, 2024
Jody Molodow	Member	June 30, 2023
Suzie Oh Ed.D.	Member	January 30, 2023

**ADMINISTRATION**

Dr. Donald Wilson	Superintendent
Dr. Collin Felch	Assistant Superintendent, Principal/Vista Heritage Global Academy and Vista Condor Global Academy
Karen Amaya	Principal, Vista Charter Middle School
Michael Rosner	Principal, Vista Horizon Global Academy

See accompanying note to supplementary information.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2022**

*Vista Charter Middle School*

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Fourth through sixth	97.15	98.10
Seventh through eighth	221.97	222.29
Total Regular ADA	319.12	320.39
Classroom based ADA		
Fourth through sixth	91.41	92.38
Seventh through eighth	212.66	211.95
Total Classroom Based ADA	304.07	304.33

*Vista Heritage Global Academy*

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Fourth through sixth	77.83	78.78
Seventh through eighth	185.31	185.08
Ninth through twelfth	60.52	61.35
Total Regular ADA	323.66	325.21
Classroom based ADA		
Fourth through sixth	74.06	75.05
Seventh through eighth	173.01	174.33
Ninth through twelfth	57.38	57.71
Total Classroom Based ADA	304.45	307.09

The Organization operated a short-term independent study program.

See accompanying note to supplementary information.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2022**

*Vista Condor Global Academy*

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	187.59	188.63
Fourth through sixth	109.52	110.07
Total Regular ADA	<u>297.11</u>	<u>298.70</u>
Classroom based ADA		
Transitional kindergarten through third	177.72	180.00
Fourth through sixth	104.60	105.84
Total Classroom Based ADA	<u>282.32</u>	<u>285.84</u>

*Vista Horizon Global Academy*

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	51.86	53.41
Fourth and sixth	24.30	23.93
Total Regular ADA	<u>76.16</u>	<u>77.34</u>
Classroom based ADA		
Transitional kindergarten through third	48.62	50.46
Fourth and sixth	23.47	23.30
Total Classroom Based ADA	<u>72.09</u>	<u>73.76</u>

The Organization operated a short-term independent study program.

See accompanying note to supplementary information.



**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2022**

---

*Vista Charter Middle School*

Grade Level	1986-87 Minutes Requirement	2021-22 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Grades 6 - 8	54,000				
Grade 6		63,735	183	N/A	Complied
Grade 7		63,735	183	N/A	Complied
Grade 8		63,735	183	N/A	Complied

*Vista Heritage Global Academy*

Grade Level	1986-87 Minutes Requirement	2021-22 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Grades 6 - 8	54,000				
Grade 6		69,180	183	N/A	Complied
Grade 7		69,180	183	N/A	Complied
Grade 8		69,180	183	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		69,180	183	N/A	Complied

See accompanying note to supplementary information.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2022**

*Vista Condor Global Academy*

Grade Level	1986-87 Minutes Requirement	2021-22 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Transitional Kindergarten	36,000	54,540	183	N/A	Complied
Kindergarten		54,540	183	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,540	183	N/A	Complied
Grade 2		54,540	183	N/A	Complied
Grade 3		54,540	183	N/A	Complied
Grades 4 - 5	54,000				
Grade 4		54,540	183	N/A	Complied
Grade 5		54,540	183	N/A	Complied

*Vista Horizon Global Academy*

Grade Level	1986-87 Minutes Requirement	2021-22 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Transitional Kindergarten	36,000	58,005	183	N/A	Complied
Kindergarten		58,005	183	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		58,005	183	N/A	Complied
Grade 2		58,005	183	N/A	Complied
Grade 3		58,005	183	N/A	Complied
Grades 4 - 5	54,000				
Grade 4		58,005	183	N/A	Complied
Grade 5		58,005	183	N/A	Complied

See accompanying note to supplementary information.

**VISTA CHARTER PUBLIC SCHOOLS, INC.**  
**and AFFILIATED ORGANIZATIONS**  
**(California Nonprofit Public Benefit Corporations)**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
COMBINED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

Summarized below are the net assets balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>Vista CMS</u>	<u>Heritage</u>	<u>Condor</u>	<u>Total</u>
NET ASSETS				
Balance, June 30, 2022, Unaudited Actuals	\$ 6,017,132	\$ 1,102,241	\$ 2,126,697	\$ 9,246,070
Increase in:				
Cash	-	20	-	-
Receivables	429,247		182,552	611,798
Payables	-	367,141	-	367,141
Right of Use (ROU)	6,521,438	23,645,608	20,142,555	50,309,601
Decrease in:				
Payables	(204,232)	(70,924)	(134,037)	(409,193)
Finance Lease ROU accumulated amortization	(543,454)	(591,140)	(503,564)	(1,638,158)
Finance Lease payable, less current portion	(6,240,782)	(23,645,608)	(20,142,555)	(50,028,945)
Balance, June 30, 2022, Unaudited Actuals				
Audited Combined Financial Statements	<u>\$ 5,979,348</u>	<u>\$ 807,337</u>	<u>\$ 1,671,648</u>	<u>\$ 8,458,314</u>

See accompanying note to supplementary information.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

---

***NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES***

**Consolidated Schedule of Expenditures of Federal Awards**

*Basis of Presentation*

The accompanying consolidated 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, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the 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 or has not elected to use the ten percent de minimis 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, 2022, the Organization had no food commodities in inventory.

**Local Education Agency Organization Structure**

This schedule provides information about the Charter School's operating members of the governing board and members of the administration.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

---

*NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES, continued*

**Schedule of Average Daily Attendance**

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization's. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

**Schedule of Instructional Time**

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

The Organization must maintain their instructional minutes at the 1986-87 requires as required by *Education Code* Section 47612.5.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the net assets of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

## **INDEPENDENT AUDITOR'S REPORTS**

Rudolph F. Silva, CPA  
Lisa D. Silva, CPA



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

To the Board of Directors  
Vista Charter Public Schools, Inc.  
and Affiliated Organizations  
(California Nonprofit Public Benefit Corporations)  
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 combined financial statements of Vista Charter Public Schools, Inc.'s (the Organization), and its Affiliated Organizations: Vista Charter Public Schools Foundation (the Foundation) 2900 W. Temple LLC and 2609 W. 5<sup>th</sup> Street, LLC (the LLCs) (California Nonprofit Public Benefit Corporations) as of June 30, 2022, and the related combined statements of activities, cash flows, and functional expenses for the fiscal year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 20, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the combined 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 opinions on the combined 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 combined financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

As part of obtaining reasonable assurance about whether the Organization's combined 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 cursive script that reads "Silva + Silva CPAs".

Brea, California  
December 20, 2022



Rudolph F. Silva, CPA

Lisa D. Silva, CPA

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

To the Board of Directors  
Vista Charter Public Schools, Inc.  
and Affiliated Organizations  
(California Nonprofit Public Benefit Corporations)  
Los Angeles, California

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

### **Opinion on the Major Federal Program**

We have audited Vista Charter Public Schools, Inc.'s (the Organization), and its Affiliated Organizations: Vista Charter Public Schools Foundation (the Foundation) 2900 W. Temple LLC and 2609 W. 5<sup>th</sup> Street (the LLCs) (California Nonprofit Public Benefit Corporations), 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, 2022. 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.

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

### ***Basis for Opinion on the Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

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

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

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

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

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

## Report on Internal Control over Compliance

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

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

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

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



Brea, California  
December 20, 2022

Rudolph F. Silva, CPA

Lisa D. Silva, CPA

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Directors  
Vista Charter Public Schools, Inc.  
and Affiliated Organizations  
(California Nonprofit Public Benefit Corporations)  
Los Angeles, California

### Report on State Compliance

#### *Unmodified Opinion*

We have audited Vista Charter Public Schools, Inc.'s (the Organization), which operates Vista Charter Middle School, Vista Heritage Global Academy, Vista Condor Global Academy, and Vista Horizon Global Academy, compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

In our opinion, the Organization complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

#### *Basis for Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's compliance with the requirements listed in the table below.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed below has occurred, whether due to fraud or error, and express an opinion on the Organization’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization’s compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over compliance. Accordingly, no such opinion is expressed.

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:

LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	<u>Procedures Performed</u>
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
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
After School Education and Safety Program	
General Requirements	Yes
After School	Yes
Before School	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
Immunizations	Yes
Educator Effectiveness Grant	Yes
Expanded Learning Opportunities Grant	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
<b>CHARTER SCHOOLS</b>	
Attendance	Yes
Mode of Instruction	Yes
Non-Classroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Non-Classroom-Based Instruction	No, see below
Charter School Facility Grant Program	Yes

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 a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety 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 Career Technical Education Incentive Grant procedures because the Organization did not receive funding for this grant.

ADA was below the threshold required for testing; therefore, we did not perform any procedures related to Determination of Funding for Nonclassroom-Based Instruction.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit. The results of our auditing procedures disclosed no instances of noncompliance.

## Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over state compliance is solely to describe the scope of our testing of internal control over state compliance and the results of that testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Brea, California  
December 20, 2022

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<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 deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</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 Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425, 84.425C, 84.425D and 84.425U	Elementary and Secondary Schools Emergency Relief (ESSER) Funds

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**

Internal control over state programs:	
Material weakness identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Any audit findings disclosed that are required to be reported in accordance with the <i>2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting?</i>	<u>None reported</u>
Type of auditor's report issued on compliance for programs:	<u>Unmodified</u>

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

None reported.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**FEDERAL AWARDS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

None reported.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

None reported.

**VISTA CHARTER PUBLIC SCHOOLS, INC.  
and AFFILIATED ORGANIZATIONS  
(California Nonprofit Public Benefit Corporations)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

***Financial Statement Findings***

None reported.

***Federal Awards Findings***

None reported.

***State Compliance Findings***

None reported.