



Annual Financial Report
June 30, 2023

Vista Charter Public Schools, Inc.

CHARTER NUMBERS: 1234, 1752, 1930, 1932, AND 2043

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

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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 Combined 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. 5th Street, LLC (the LLCs) (California Nonprofit Public Benefit Corporations), which are comprised of the combined statement of financial position as of June 30, 2023, 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, 2023, 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 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 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 38-47 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 December 15, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Silva + Silva CPAs".

Brea, California
December 15, 2023

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

COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	Vista CMS	Heritage	Condor	Horizon
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 7,008,739	\$ 2,125,828	\$ 3,346,047	\$ 742,677
Receivables	1,320,376	1,363,699	337,951	284,330
Intercompany Receivable	860,067	-	-	-
Prepaid expenses	59,475	134,479	96,982	31,358
Other Assets			12,260	
Current portion of sales-type lease receivable		-	-	-
Total Current Assets	<u>9,248,657</u>	<u>3,624,006</u>	<u>3,793,240</u>	<u>1,058,365</u>
Non-Current Assets				
Restricted cash and investments	-	-	-	-
Security deposits	125,370	478,993	12,700	-
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	(815,180)	(651,253)	(554,771)	-
Fixed assets	786,161	695,623	293,318	16,503
Less: accumulated depreciation	(436,826)	(354,247)	(82,754)	(2,550)
Total Non-Current Assets	<u>6,180,963</u>	<u>23,814,724</u>	<u>19,811,048</u>	<u>13,953</u>
Total Assets	<u>\$ 15,429,620</u>	<u>\$ 27,438,730</u>	<u>\$ 23,604,288</u>	<u>\$ 1,072,318</u>
LIABILITIES				
Current Liabilities				
Payables	\$ 741,135	\$ 505,856	\$ 423,198	\$ 137,976
Interest payable	-	-	-	-
Refundable advances	472,286	367,786	621,099	122,905
Due to grantor governments	563,355	-	-	18,078
Intercompany payable	-	860,067	-	-
Current portion of long-term debt	-	-	-	74,998
Current portion of finance lease payable	159,790	55,949	55,948	-
Total Current Liabilities	<u>1,936,566</u>	<u>1,789,658</u>	<u>1,100,245</u>	<u>353,957</u>
Long-Term Obligations				
Non-current portion of long-term debt	-	-	-	-
Finance lease payable, less current portion	5,932,044	23,529,546	20,035,400	-
Total Liabilities	<u>7,868,610</u>	<u>25,319,204</u>	<u>21,135,645</u>	<u>353,957</u>
NET ASSETS				
Without Donor Restrictions				
Undesignated	7,561,010	2,119,526	2,468,643	718,361
Net Assets	<u>7,561,010</u>	<u>2,119,526</u>	<u>2,468,643</u>	<u>718,361</u>
Total Liabilities and Net Assets	<u>\$ 15,429,620</u>	<u>\$ 27,438,730</u>	<u>\$ 23,604,288</u>	<u>\$ 1,072,318</u>

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

Palm Lane	2900 LLC	2609 LLC	Eliminations	Total
\$ 3,755,820	\$ 474,880	\$ 6,401,118	\$ -	\$ 23,855,109
1,734,299	41,895	769,671	-	5,852,221
-	-	-	(860,067)	-
73,369	-	-	-	395,663
-	-	-	-	12,260
-	159,790	111,897	-	271,687
<u>5,563,488</u>	<u>676,565</u>	<u>7,282,686</u>	<u>(860,067)</u>	<u>30,386,940</u>
-	508,720	2,167,598	-	2,676,318
-	-	4,269,157	-	4,886,220
-	5,932,044	27,571,678	(33,775,409)	(271,687)
-	-	-	-	50,309,601
-	-	-	-	(2,021,204)
-	-	3,493,279	-	5,284,884
-	-	-	-	(876,377)
-	6,440,764	37,501,712	(33,775,409)	59,987,755
<u>\$ 5,563,488</u>	<u>\$ 7,117,329</u>	<u>\$ 44,784,398</u>	<u>\$ (34,635,476)</u>	<u>\$ 90,374,695</u>
\$ 712,492	\$ -	\$ 20,540	\$ -	\$ 2,541,197
-	324,247	-	-	324,247
428,571	-	-	-	2,012,647
-	-	-	-	581,433
-	-	-	(860,067)	-
-	160,000	400,000	-	634,998
-	-	-	-	271,687
<u>1,141,063</u>	<u>484,247</u>	<u>420,540</u>	<u>(860,067)</u>	<u>6,366,209</u>
-	5,810,000	42,697,716	-	48,507,716
-	-	-	(33,775,409)	15,721,581
<u>1,141,063</u>	<u>6,294,247</u>	<u>43,118,256</u>	<u>(34,635,476)</u>	<u>70,595,506</u>
4,422,425	823,082	1,666,142	-	19,779,189
4,422,425	823,082	1,666,142	-	19,779,189
<u>\$ 5,563,488</u>	<u>\$ 7,117,329</u>	<u>\$ 44,784,398</u>	<u>\$ (34,635,476)</u>	<u>\$ 90,374,695</u>

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

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Vista CMS</u>	<u>Heritage</u>	<u>Condor</u>	<u>Horizon</u>
REVENUES				
Local Control Funding Formula				
State apportionment	\$ 3,283,931	\$ 4,274,979	\$ 3,009,325	\$ 1,048,499
In-lieu property taxes	1,142,470	1,555,364	1,203,312	362,478
Federal revenue	1,495,130	2,137,768	1,200,014	221,648
Other State revenue	2,804,184	2,346,504	1,806,048	545,690
Local revenue	127,627	232,209	135,968	25,832
Employee retention credit	91,400	130,674	73,358	13,549
Interest income	-	9,291	8,399	-
Rental income	-	-	-	-
School Site Fundraising	20,119	8,251	7,538	-
Total Revenues	<u>8,964,861</u>	<u>10,695,040</u>	<u>7,443,962</u>	<u>2,217,696</u>
EXPENSES				
Program Services	5,485,858	6,808,378	4,726,007	1,466,534
Management and General	1,897,341	2,574,473	1,920,960	341,252
Total Expenses	<u>7,383,199</u>	<u>9,382,851</u>	<u>6,646,967</u>	<u>1,807,786</u>
Other Financing Uses				
Transfers Out to Foundation	-	-	-	-
Interfund Transfers Out	-	-	-	-
CHANGE IN NET ASSETS	<u>1,581,662</u>	<u>1,312,189</u>	<u>796,995</u>	<u>409,910</u>
NET ASSETS, BEGINNING OF YEAR	<u>5,979,348</u>	<u>807,337</u>	<u>1,671,648</u>	<u>308,451</u>
NET ASSETS, END OF YEAR	<u>\$ 7,561,010</u>	<u>\$ 2,119,526</u>	<u>\$ 2,468,643</u>	<u>\$ 718,361</u>

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

<u>Palm Lane</u>	<u>2900 LLC</u>	<u>2609 LLC</u>	<u>Eliminations</u>	<u>Total</u>
\$ 1,904,149	\$ -	\$ -	\$ -	\$ 13,520,883
1,549,232	-	-	-	5,812,856
863,864	-	-	-	5,918,424
1,309,426	-	-	-	8,811,852
147,288	1,721	4,289	-	674,934
52,821	-	-	-	361,802
-	-	-	-	17,690
-	349,563	2,040,181	(2,389,744)	-
127	-	-	-	36,035
<u>5,826,907</u>	<u>351,284</u>	<u>2,044,470</u>	<u>(2,389,744)</u>	<u>35,154,476</u>
3,820,927	-	-	(1,887,898)	20,419,807
<u>1,172,276</u>	<u>348,494</u>	<u>1,700,639</u>	<u>(501,846)</u>	<u>9,453,588</u>
<u>4,993,203</u>	<u>348,494</u>	<u>1,700,639</u>	<u>(2,389,744)</u>	<u>29,873,395</u>
-	-	-	-	-
-	-	-	-	-
<u>833,704</u>	<u>2,790</u>	<u>343,831</u>	<u>-</u>	<u>5,281,081</u>
3,588,721	820,292	1,322,311	-	14,498,108
<u>\$ 4,422,425</u>	<u>\$ 823,082</u>	<u>\$ 1,666,142</u>	<u>\$ -</u>	<u>\$ 19,779,189</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, 2023

	Vista CMS	Heritage	Condor	Horizon
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 1,581,662	\$ 1,312,189	\$ 796,995	\$ 409,910
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation expense	36,912	20,706	33,893	1,467
Amortization expense	271,727	60,113	51,207	-
Changes in operating assets and liabilities				
Sales-type lease receivable	-	-	-	-
Increase in receivables	84,806	(85,767)	560,692	22,308
Decrease (Increase) in prepaid expenses and other assets	129,813	(61,881)	(72,279)	(28,369)
Increase (Decrease) in payables	(297,195)	(44,712)	75,885	26,437
Increase (Decrease) in deferred revenue	339,558	248,745	500,904	45,767
Financing lease asset and liability	(148,948)	(116,062)	(107,155)	-
Net Cash Provided (Used) by Operating Activities	<u>1,998,335</u>	<u>1,333,331</u>	<u>1,840,142</u>	<u>477,520</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	<u>(39,129)</u>	<u>(249,824)</u>	<u>(86,388)</u>	<u>(10,002)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan and Bond payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	<u>1,959,206</u>	<u>1,083,507</u>	<u>1,753,754</u>	<u>392,518</u>
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>5,049,533</u>	<u>1,042,321</u>	<u>1,592,293</u>	<u>350,159</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>7,008,739</u>	<u>2,125,828</u>	<u>3,346,047</u>	<u>742,677</u>
Cash and Cash Equivalents	<u>7,008,739</u>	<u>2,125,828</u>	<u>3,346,047</u>	<u>742,677</u>
Restricted Cash for Bond Reserve				
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>7,008,739</u>	<u>2,125,828</u>	<u>3,346,047</u>	<u>742,677</u>
Supplemental cash flow disclosure				
Cash paid during the period for interest	<u>\$ 349,546</u>	<u>\$ 839,419</u>	<u>\$ 715,061</u>	<u>\$ 1,324</u>
Non Cash Transactions				
On Behalf STRS payments	<u>161,585</u>	<u>177,016</u>	<u>104,850</u>	<u>35,643</u>

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

<u>Palm Lane</u>	<u>2900 LLC</u>	<u>2609 LLC</u>	<u>Total</u>
\$ 833,704	\$ 2,790	\$ 343,831	\$ 5,281,081
	-	-	92,978
-	-	34,839	477,999
	429,604	70,558	500,162
(1,123,751)	-	-	(541,712)
(67,683)	-	-	(100,399)
717,427	174,247	(14,395)	637,694
(210,269)	-	-	924,705
-	-	-	(372,165)
<u>149,428</u>	<u>606,641</u>	<u>434,833</u>	<u>6,840,230</u>
-	-	(3,179,165)	(3,564,508)
-	(603,528)	(149,780)	(828,308)
<u>149,428</u>	<u>3,113</u>	<u>(2,894,112)</u>	<u>2,447,414</u>
<u>3,606,392</u>	<u>980,487</u>	<u>11,462,828</u>	<u>9,757,470</u>
<u>3,755,820</u>	<u>983,600</u>	<u>8,568,716</u>	<u>26,531,427</u>
<u>3,755,820</u>	-	<u>8,568,716</u>	<u>25,547,827</u>
	<u>508,720</u>	<u>2,167,598</u>	<u>2,676,318</u>
<u>3,755,820</u>	<u>508,720</u>	<u>10,736,314</u>	<u>28,224,145</u>
<u>\$ 1,324</u>	<u>\$ 348,494</u>	<u>\$ 1,665,800</u>	<u>\$ 3,920,968</u>
<u>122,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,027</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, 2023**

	Program Services	Management and General	Total Expenses
<i>Vista Charter Middle School</i>			
Teacher salaries	\$ 1,504,730	\$ 376,182	\$ 1,880,912
Teacher benefits	563,651	140,913	704,564
Teacher payroll tax	32,370	8,092	40,462
Administrative and clerical salaries	563,918	140,980	704,898
Administrative and clerical benefits	237,347	59,337	296,684
Administrative and clerical payroll tax	85,946	21,487	107,433
Instructional materials and supplies	538,448	-	538,448
Student nutrition	442,041	-	442,041
Educational programs	70,387	-	70,387
Operating expenses	502,620	125,655	628,275
Depreciation	-	36,912	36,912
Occupancy	35	9	44
Capital Outlay	-	101,005	101,005
Professional services	254,345	63,586	317,931
Travel & conference	-	29,405	29,405
Debt service interest expense	-	349,546	349,546
Amortization	-	271,727	271,727
Insurance	80,497	20,124	100,621
Special education fee	62,922	15,730	78,652
District supervisory fee	34,348	8,587	42,935
After-school program	512,254	128,063	640,317
Total Vista Charter Middle School	5,485,858	1,897,341	7,383,199

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, 2023**

	Program Services	Management and General	Total Expenses
<i>Vista Heritage Global Academy</i>			
Teacher salaries	\$ 2,068,034	\$ 517,009	\$ 2,585,043
Teacher benefits	716,063	179,016	895,079
Teacher payroll tax	57,236	14,309	71,545
Administrative and clerical salaries	694,210	173,553	867,763
Administrative and clerical benefits	203,114	50,779	253,893
Administrative and clerical payroll tax	78,831	19,708	98,539
Materials and supplies	981,499	-	981,499
Student nutrition	339,961	-	339,961
Educational programs	47,649	-	47,649
Operating expenses	662,028	165,507	827,535
Depreciation	-	20,706	20,706
Capital Outlay	-	258,587	258,587
Professional services	401,914	100,478	502,392
Travel & conference	-	35,831	35,831
Debt service interest expense	-	839,419	839,419
Amortization	-	60,113	60,113
Insurance	23,641	5,910	29,551
District supervisory fee	42,534	10,634	53,168
After-school program	483,316	120,829	604,145
Total Vista Heritage Global Academy	6,808,378	2,574,473	9,382,851

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, 2023

	Program Services	Management and General	Total Expenses
<i>Vista Condor Global Academy</i>			
Teacher salaries	\$ 1,835,598	\$ 458,900	\$ 2,294,498
Teacher benefits	412,983	103,246	516,229
Teacher payroll tax	42,931	10,733	53,664
Administrative and clerical salaries	362,862	90,716	453,578
Administrative and clerical benefits	93,181	23,295	116,476
Administrative and clerical payroll tax	75,334	18,834	94,168
Materials and supplies	547,229	-	547,229
Student nutrition	260,895	-	260,895
Educational programs	13,831	-	13,831
Operating expenses	455,055	113,764	568,819
Depreciation	-	33,893	33,893
Capital Outlay	-	122,973	122,973
Professional services	198,370	49,592	247,962
Travel & conference	-	21,813	21,813
Debt service interest expense	-	715,061	715,061
Amortization	-	51,207	51,207
Insurance	18,953	4,738	23,691
District supervisory fee	33,606	8,402	42,008
After-school program	368,688	92,172	460,860
Total Vista Condor Global Academy	4,726,007	1,920,960	6,646,967

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, 2023

	Program Services	Management and General	Total Expenses
<i>Vista Horizon Global Academy</i>			
Teacher salaries	\$ 428,858	\$ 107,214	\$ 536,072
Teacher benefits	142,030	35,508	177,538
Teacher payroll tax	11,815	2,954	14,769
Administrative and clerical salaries	243,687	60,922	304,609
Administrative and clerical benefits	31,530	7,882	39,412
Administrative and clerical payroll tax	23,317	5,829	29,146
Materials and supplies	174,189	-	174,189
Student nutrition	112,602	-	112,602
Operating expenses	90,623	22,656	113,279
Capital Outlay	-	37,697	37,697
Professional services	83,863	20,966	104,829
Travel & conference	-	6,439	6,439
Debt service interest expense	-	1,324	1,324
Insurance	5,881	1,470	7,351
Special education fee	20,667	5,167	25,834
District supervisory fee	11,004	2,751	13,755
Total Vista Horizon Global Academy	1,466,534	341,252	1,807,786
<i>Palm Lane Global Academy</i>			
Teacher salaries	\$ 1,548,278	\$ 387,069	\$ 1,935,347
Teacher benefits	427,208	106,802	534,010
Teacher payroll tax	39,891	9,973	49,864
Administrative and clerical salaries	298,604	74,651	373,255
Administrative and clerical benefits	71,530	17,883	89,413
Administrative and clerical payroll tax	48,388	12,097	60,485
Materials and supplies	370,296	-	370,296
Student nutrition	204,281	-	204,281
Operating expenses	451,790	112,948	564,738
Occupancy	25	6	31
Capital Outlay	-	330,134	330,134
Professional services	146,346	36,587	182,933
Travel & conference	-	30,554	30,554
Insurance	66,545	16,636	83,181
District supervisory fee	51,973	12,993	64,966
After-school program	95,772	23,943	119,715
Total Palm Lane Global Academy	3,820,927	1,172,276	4,993,203

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

**VISTA CHARTER PUBLIC SCHOOLS, INC.
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**COMBINED STATEMENT OF FUNCTIONAL EXPENSES, *continued*
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Total Expenses
<i>2900 W. Temple LLC</i>			
Interest	-	348,494	348,494
Total 2900 W. Temple LLC	-	348,494	348,494
<i>2609 W. 5th St. LLC</i>			
Interest	-	1,665,800	1,665,800
Amortization	-	34,839	34,839
Total 2609 W. 5 th St. LLC	-	1,700,639	1,700,639
Eliminations	(1,887,898)	(501,846)	(2,389,744)
Total Functional Expenses	<u>\$20,419,807</u>	<u>\$ 9,453,588</u>	<u>\$29,873,395</u>

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

**VISTA CHARTER PUBLIC SCHOOLS, INC.
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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

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 five charter schools (the Charter Schools) in Orange and Los Angeles 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 345 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. 5th Street in Santa Ana, California. Vista Heritage Global Academy opened August 24, 2015, and currently serves approximately 290 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 200 students in grades nine, ten, and eleven and will expand and add a grade level each year to grade twelve. Beginning in 2023-24, Vista Meridian Global Academy will operate under a newly approved charter number, 2132.

**VISTA CHARTER PUBLIC SCHOOLS, INC.
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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

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. 5th Street, Santa Ana, California. Vista Condor Global Academy opened August 13, 2018, and currently serves approximately 325 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 120 students in transitional kindergarten through grade five.

Palm Lane Global Academy – Charter No. 1932

Palm Lane Global Academy (Palm Lane), formerly known as Palm Lane Elementary Charter, was established in 2017 under New Century Charter Public Schools (NCCPS) and operated for four years ending June 30, 2022. On May 11, 2022, VCPS, Inc. and NCCPS entered an agreement and Plan of Merger whereas NCCPS will cease and VCPS shall be the surviving corporation in the merger.

Palm Lane petitioned through Anaheim Elementary School District (the District) on October 2017 and approved subsequently based on Court Ruling. New Century Charter Public Schools has been selected by the Palm Lane Elementary School Lead Parents to operate their future charter school (Restart Model school) as determined by the Parent Empowerment Act. The Charter School approval is for five years ending June 30, 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.* The Charter School is located in Anaheim, California at 1646 West Palm Lane and serves approximately 300 students in grades K-6.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

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. 5th Street, LLC

In 2021, the Organization formed the 2609 W. 5th 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.

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, 2023.

**VISTA CHARTER PUBLIC SCHOOLS, INC.
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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

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 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, 2023, were \$103,323.

El Dorado Charter Special Education Local Plan Area (SELPA)

The Organization's Heritage, Condor, and Palm Lane 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, 2023, were \$688,920.

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. Total expenses for year ended June 30, 2023, were \$431,094.

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.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

Principles of Combination

The combined financial statements include the accounts of the Charter Schools, the LLCs, and the Foundation. All material intercompany transactions have been eliminated (Eliminations). As a part of its mission, Vista Charter Public Schools, Inc., has created limited liability companies that own real estate for educational purposes. Vista Charter Public Schools, Inc., is the sole member of the LLCs. The LLCs lease these facilities to the Charter Schools. 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 combination 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 \$6,109,077 in net assets without donor restrictions for the year ended June 30, 2023.
- *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 including cash in the County Investment Pool and LLC investments 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.

Restricted Cash

Non-current restricted cash in the amount of \$2,676,318 relates to the debt service reserve requirements related to the Charter School Revenue Bonds and is held as non-current to satisfy the long-term obligation.

**VISTA CHARTER PUBLIC SCHOOLS, INC.
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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts due to 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, 2023, 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, 2023.

Revenue and Revenue Recognition

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

**VISTA CHARTER PUBLIC SCHOOLS, INC.
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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At June 30, 2023 the Organization did not have conditional contributions, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at \$10,000 of qualified wages through December 31, 2020. During the year ended June 30, 2023, the Organization recorded a \$361,794 benefit related to the credit which is presented in the statement of activities as employee retention credit.

The Organization has elected to account for the credits by applying FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition. Under this method, the Organization records contribution revenue when the contribution is deemed to be unconditional, that is when there is no longer a measurable performance or other barrier and a right of return or release from obligation to pay the contribution. Management has determined that the contribution is unconditional.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2023.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities and fundraising and development activities. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

**VISTA CHARTER PUBLIC SCHOOLS, INC.
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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

Income Taxes

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

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

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable 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.

VISTA CHARTER PUBLIC SCHOOLS, INC.
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2023, consisted of the following:

	Reported Amount			
	Vista CMS	Heritage	Condor	Horizon
Deposits				
Cash on hand and in banks	\$ 7,008,739	\$ 1,596,086	\$ 2,967,022	\$ 742,677
Cash in county treasury		529,742	379,025	-
Total	<u>\$ 7,008,739</u>	<u>\$ 2,125,828</u>	<u>\$ 3,346,047</u>	<u>\$ 742,677</u>

Restricted cash	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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	Reported Amount			Bank Balance
	Palm Lane	LLCs	Total	
Deposits				
Cash on hand and in banks	\$ 3,534,925	\$ 5,892,398	\$ 21,741,847	\$22,462,777
Cash in county treasury	220,895	-	1,129,662	N/A
Total	<u>\$ 3,755,820</u>	<u>\$ 5,892,398</u>	<u>\$ 22,871,509</u>	<u>\$22,462,777</u>

Restricted cash	<u>\$ -</u>	<u>4,890</u>	<u>\$ 4,890</u>	<u>\$ 4,890</u>
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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, 2023, the Organization had a balance of \$22,462,777 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.
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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

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	\$ 7,008,739	\$ 2,125,828	\$ 3,346,047	\$ 742,677
Accounts receivable	1,320,376	1,363,699	337,951	284,330
Prepays	59,475	134,479	96,982	31,358
Total	<u>\$ 8,388,590</u>	<u>\$ 3,624,006</u>	<u>\$ 3,780,980</u>	<u>\$ 1,058,365</u>
	Palm Lane	LLCs	Total	
Cash and cash equivalents	\$ 3,755,820	\$ 5,892,398	\$ 22,871,509	
Accounts receivable	1,734,299	811,566	5,852,221	
Prepays	73,369	-	395,663	
Total	<u>\$ 5,563,488</u>	<u>\$ 6,703,964</u>	<u>\$ 29,119,393</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, 2023, the Organization has reserves of \$4,269,157 recorded for restricted programs.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2023, consisted of the following:

	Vista CMS	Heritage	Condor	Horizon
Local Control Funding Formula	\$ 1,317,876	\$ 1,363,118	\$ 337,643	\$ 284,308
Local receivables	2,500	581	308	22
Total Receivables	<u>\$ 1,320,376</u>	<u>\$ 1,363,699</u>	<u>\$ 337,951</u>	<u>\$ 284,330</u>
	Palm Lane	LLCs	Total	
Local Control Funding Formula	\$ 1,734,299	\$ 811,566	\$ 5,848,810	
Local receivables	-	-	3,411	
Total Receivables	<u>\$ 1,734,299</u>	<u>\$ 811,566</u>	<u>\$ 5,852,221</u>	

**VISTA CHARTER PUBLIC SCHOOLS, INC.
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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 - PREPAIDS AND OTHER ASSETS

Prepays and other assets consisted of the following at June 30, 2023:

	Vista CMS	Heritage	Condor	Horizon	Palm Lane	Total
Rent		\$ 2,929	\$ 2,781	\$ -	\$ -	\$ 5,710
Insurance	45,669	44,024	56,077	13,747	49,675	209,192
Computer and software		69,146	36,924	10,507	23,694	140,271
Other	13,806	18,380	1,200	7,104	-	40,490
Total Prepaid Expenses	<u>\$ 59,475</u>	<u>\$ 134,479</u>	<u>\$ 96,982</u>	<u>\$ 31,358</u>	<u>\$ 73,369</u>	<u>\$ 395,663</u>

NOTE 7 - 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, 2023, consisted of the following:

Due From	Due To
Vista Heritage	Vista CMS
Total Due From/To	<u>\$ 860,067</u>

NOTE 8 - 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.

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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023

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.

The fair value measurements are as follows at June 30, 2023:

Investment Type	Fair Value Measurements at Report Date Using		
	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	\$ -	\$ 1,129,662	\$ -
Cash and money market funds (at cost)	-	1,546,656	-
Total Restricted Cash and Investments	\$ -	\$ 2,676,318	\$ -

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NOTE 9 - FIXED ASSETS

Fixed assets at June 30, 2023, consisted of the following:

	<u>Vista CMS</u>	<u>Heritage</u>	<u>Condor</u>
Land and land improvements	\$ 457,437	\$ 279,398	\$ 28,844
Buildings	-	26,399	27,266
Leasehold improvements	21,080	-	25,995
Equipment, furniture and fixtures	205,197	206,969	197,602
Construction in progress	102,447	182,857	13,611
Subtotal	<u>786,161</u>	<u>695,623</u>	<u>293,318</u>
Less: accumulated depreciation	<u>(436,826)</u>	<u>(354,247)</u>	<u>(82,754)</u>
Total Fixed Assets	<u>\$ 349,335</u>	<u>\$ 341,376</u>	<u>\$ 210,564</u>

	<u>Horizon</u>	<u>2900 LLC</u>	<u>Total</u>
Land and land improvements	\$ -	\$ -	\$ 765,679
Buildings	-	-	53,665
Leasehold improvements	-	-	47,075
Equipment, furniture and fixtures	16,503	-	626,271
Construction in progress	-	3,493,279	3,792,194
Subtotal	<u>16,503</u>	<u>3,493,279</u>	<u>5,284,884</u>
Less: accumulated depreciation	<u>(2,550)</u>	<u>-</u>	<u>(876,377)</u>
Total Fixed Assets	<u>\$ 13,953</u>	<u>\$ 3,493,279</u>	<u>\$ 4,408,507</u>

During the year ended June 30, 2023, the Charter Schools and the LLC had \$92,978 charged for depreciation expense.

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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 - PAYABLES

Payables at June 30, 2023, consisted of the following:

	Vista CMS	Heritage	Condor	Horizon
Salaries and benefits	\$ 48,955	\$ 97,125	\$ 54,366	\$ 29,812
Vendor payables	239,844	384,620	368,832	104,219
Accrued liabilities	56,553	24,111	-	3,945
Due to other agencies	395,783	-	-	-
Total Payables	<u>\$ 741,135</u>	<u>\$ 505,856</u>	<u>\$ 423,198</u>	<u>\$ 137,976</u>

	Palm Lane	LLCs	Total
Salaries and benefits	\$ 47,992	\$ -	\$ 278,250
Vendor payables	522,672	20,540	1,640,727
Accrued liabilities	141,828	-	226,437
Due to other agencies	-	-	395,783
Total Payables	<u>\$ 712,492</u>	<u>\$ 20,540</u>	<u>\$ 2,541,197</u>

NOTE 11 - LONG-TERM OBLIGATIONS

Long-term obligations for the year ended June 30, 2023, are summarized as follows:

	Balance at July 1, 2022	Additions	Deductions	Balance at June 30, 2023	Due in One Year
Revolving Loans Payable	\$ 224,998	\$ -	\$ 150,000	\$ 74,998	\$ 74,998
Bonds Payable	49,217,496	-	149,780	49,067,716	560,000
Total	<u>\$ 49,442,494</u>	<u>\$ -</u>	<u>\$ 299,780</u>	<u>\$ 49,142,714</u>	<u>\$ 634,998</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.

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Future payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 74,998	\$ 586	\$ 75,584

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%

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

Bond Component	Interest Rate	Amount	Maturity Date
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

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Future maturities of bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 160,000	\$ 340,290	\$ 500,290
2025	170,000	339,765	509,765
2026	175,000	335,472	510,472
2027	185,000	330,500	515,500
2028	195,000	324,775	519,775
Thereafter	5,085,000	2,935,442	8,020,442
Total future maturities	<u>\$ 5,970,000</u>	<u>\$ 4,606,244</u>	<u>\$ 10,576,244</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. 5th 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.

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%

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

<u>Bond Component</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Maturity Date</u>
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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028	565,000	1,585,000	2,150,000
Thereafter	39,060,000	31,965,200	71,025,200
Total future maturities	<u>\$ 41,605,000</u>	<u>\$ 40,094,650</u>	<u>\$ 81,699,650</u>

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, 2023, the Organization had a 2.38 Debt Service Coverage Ratio and was in compliance with the 1.2 required ratio and cash on hand for 281 days meeting the required 45 days on hand.

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Debt Service Covenants

<u>Debt Service Coverage</u>	2022-23 Actual	2023-24 Budget	2024-25 Budget
Net Income	\$ 2,891,337	\$ 1,306,250	\$ 1,380,655
Depreciation	92,978	167,834	166,533
Rent	2,389,744	3,300,258	3,842,989
Income Available for Coverage	5,374,059	4,774,342	5,390,177
Debt Service for LLC	2,254,640	3,300,258	3,842,989
Total Rent/ Debt Service	2.38	1.45	1.40
Debt Service Coverage	2,254,640	3,300,258	3,842,989
Limit	1.20	1.20	1.20
Compliance	Yes	Yes	Yes

<u>Days Cash on Hand</u>	2022-23 Actual	2023-24 Budget	2024-25 Budget
Total Expenses	\$ 31,090,863	\$ 33,767,724	\$ 36,859,190
Depreciation	92,978	167,834	166,533
Cash Expenses	30,997,885	33,599,890	36,692,657
Expense/Day	84,926	92,054	100,528
Cash	23,855,109	8,229,081	7,719,910
Days Cash on Hand	281	89	77
Limit	45	45	45
Compliance	Yes	Yes	Yes

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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 - FINANCE LEASES

Vista Charter Public Schools, Inc. (the Organization) leases certain real property with 2900 W. Temple, LLC and 2609 W. 5th 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, 2023. The Organization elected the practical expedient to not separate lease and non-lease components for real estate leases.

The Organization leases certain real property for the operations of the charter school and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2058. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options are reasonably certain to be exercised. The Organization’s operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the real property and equipment classes of assets.

The lease agreements also require the Organization to comply with certain covenants and to maintain certain financial ratios. As of June 30, 2023, the Organization was in compliance with all ratios and covenants.

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 elected the practical expedient to not separate lease and non-lease components for real property and equipment leases.

Total lease costs for the year ended June 30, 2023 were as follows:

Finance lease cost:	
Interest expense	\$ 1,904,026
Amortization of right-of-use assets	\$ 1,366,431

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The following table summarizes the supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Financing cash flows from finance leases	\$ 2,254,294
Right-of-use assets obtained in exchange for lease liabilities	
Finance leases 2900 LLC	\$ 6,521,438
Finance leases 2609 LLC	\$ 43,788,163

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term:	
Finance leases	36.0 Years
Weighted-average discount rate:	
Finance leases	3.76%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2023:

	<u>June 30, 2023</u>
	<u>Finance</u>
2024	\$ 2,563,419
2025	2,660,419
2026	2,652,081
2027	2,652,113
2028	2,650,831
Thereafter	<u>79,031,550</u>
Total lease payments	92,210,413
Less interest	<u>(42,441,736)</u>
Present value of lease liabilities	<u>\$ 49,768,677</u>

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**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 - 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.

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, 2021, 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.

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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, 2023, 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	19.1	19.1
Required state contribution rate	10.828	10.828

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, 2023, are presented above and the Organization's total contributions were \$1,437,042.

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, 2021, 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>.

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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.

The CalPERS provisions and benefits in effect at June 30, 2023, 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	7.42%	7.42%
Required employer contribution rate	25.37%	25.37%

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 a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total Organization's contributions were \$284,333.

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 \$602,027 (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.

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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.

NOTE 14 - 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 15 - 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 16 - 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 15, 2023, 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.

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Vista Meridian Global Academy – Charter No. 2132

In 2021, a material revision was granted to Heritage to include grades 9-12. The high school is known as Vista Meridian Global Academy (Meridian) and currently serves students in grades nine and ten and will expand and add a grade level each year to grade twelve. Beginning in 2023-24, Vista Meridian Global Academy will operate under a newly approved charter number, 2132.

Meridian 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 2022 for a five-year term beginning 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, 2030.* Meridian is located at 2609 W. 5th Street, Santa Ana, California.

SUPPLEMENTARY INFORMATION

**VISTA CHARTER PUBLIC SCHOOLS, INC.
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program	Federal Financial Assistance Listing 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	\$ 34,047
ESSER II	84.425D	15547	1,186,773
ESSER III	84.425U	15559	664,925
ESSER III, Learning Loss	84.425U	15621	730,245
Expanded Learning Opportunities (ELO) ESSER II	84.425D	15618	55,336
Expanded Learning Opportunities (ELO) GEER II	84.425C	15619	6,136
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	661,583
Title II, Part A - Supportive Effective Instruction	84.367	14341	69,035
Title III - Limited English Proficient (LEP) Student Program	84.365	14346	81,549
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	45,171
Title IV, Part B - 21st Century Community Learning Centers Program	84.287	14349	808,533
Special Education Cluster: Individuals with Disabilities Education Act (IDEA):			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	203,221
Total U.S. Department of Education			<u>4,546,554</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	1,323,881
Meal Supplement	10.555	13396	48,000
Total U.S. Department of Agriculture			<u>1,371,881</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u><u>\$ 5,918,435</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, 2023**

ORGANIZATION

Vista Charter Public Schools, Inc. (the Organization) was established in 2007. The Organization operates five 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), Vista Condor Global Academy (Charter No. 1930), each authorized by Orange County Department of Education, and Palm Lane Global Academy (Charter No. 1932), authorized by Anaheim Elementary School District.

The Board of Directors and the Administration as of June 30, 2023, were as follows:

BOARD OF DIRECTORS

<u>MEMBER</u>	<u>OFFICE</u>	<u>FOUR-YEAR TERM EXPIRES</u>
Paul Vieyra	President	June 30, 2024
Michele Bauer-Bean	Secretary	June 30, 2024
Mimi Kim	Treasurer	June 30, 2024
Geronimo Gaytan	Member	June 30, 2024
Jody Molodow	Member	June 30, 2024
¹ Suzie Oh Ed.D.	Member	January 30, 2024

ADMINISTRATION

Dr. Donald Wilson	Superintendent
Dr. Collin Felch	Deputy Superintendent
Karen Amaya	Assistant Superintendent
Anabelle Medina	Business & HR Manager
² Michael Rosner	Principal, Vista Horizon Global Academy
Debby Prado	Principal, Palm Lane Global Academy
Roxanne Alessandro	Principal, Vista Condor Global Academy and Vista Heritage Global Academy
Daniel Sommer	Principal, Vista Charter Middle School

¹ Resigned January 2023

² Resigned September 2023

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, 2023**

Vista Charter Middle School

	Final Report	
	Second Period Report	Annual Report
	ADE65D28	6D549214
Regular ADA		
Fourth through sixth	118.24	118.52
Seventh through eighth	207.47	208.39
Total Regular ADA	325.71	326.91
Classroom based ADA		
Fourth through sixth	118.24	118.52
Seventh through eighth	207.47	208.39
Total Classroom Based ADA	325.71	326.91

Vista Heritage Global Academy

	Final Report	
	Second Period Report	Annual Report
	1045CFDE	AE66B9F
Regular ADA		
Fourth through sixth	102.45	102.55
Seventh through eighth	166.96	167.44
Ninth through twelfth	124.94	125.85
Total Regular ADA	394.35	395.84
Classroom based ADA		
Fourth through sixth	102.07	102.19
Seventh through eighth	165.80	165.55
Ninth through twelfth	123.98	124.42
Total Classroom Based ADA	391.85	392.16

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, 2023**

Vista Condor Global Academy

	Final Report	
	Second Period Report	Annual Report
	65A897F8	25FC1309
Regular ADA		
Transitional kindergarten through third	180.49	181.51
Fourth through sixth	124.60	124.70
Total Regular ADA	<u>305.09</u>	<u>306.21</u>
Classroom based ADA		
Transitional kindergarten through third	179.82	180.99
Fourth through sixth	124.30	124.25
Total Classroom Based ADA	<u>304.12</u>	<u>305.24</u>

Vista Horizon Global Academy

	Final Report	
	Second Period Report	Annual Report
	F39097DB	3951CE82
Regular ADA		
Transitional kindergarten through third	71.67	71.59
Fourth and sixth	31.67	31.74
Total Regular ADA	<u>103.34</u>	<u>103.33</u>
Classroom based ADA		
Transitional kindergarten through third	71.67	71.59
Fourth and sixth	31.67	31.74
Total Classroom Based ADA	<u>103.34</u>	<u>103.33</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 AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023**

Palm Lane Global Academy

	Final Report	
	Second Period Report	Annual Report
	E332AF28	E332AF28
Regular ADA		
Transitional kindergarten through third	139.90	139.56
Fourth and sixth	104.53	104.46
Total Regular ADA	<u>244.43</u>	<u>244.02</u>
Classroom based ADA		
Transitional kindergarten through third	139.90	139.56
Fourth and sixth	104.53	104.46
Total Classroom Based ADA	<u>244.43</u>	<u>244.02</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, 2023**

Vista Charter Middle School

Grade Level	1986-87 Minutes Requirement	2022-23 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Grades 6 - 8	54,000				
Grade 6		60,750	180	N/A	Complied
Grade 7		60,750	180	N/A	Complied
Grade 8		60,750	180	N/A	Complied

Vista Heritage Global Academy

Grade Level	1986-87 Minutes Requirement	2022-23 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Grades 6 - 8	54,000				
Grade 6		58,500	180	N/A	Complied
Grade 7		58,500	180	N/A	Complied
Grade 8		58,500	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		75,375	180	N/A	Complied
Grade 10		75,375	180	N/A	Complied

*Vista Heritage Global Academy operated Vista Meridian Global Academy High School in 2022/2023

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, 2023**

Vista Condor Global Academy

Grade Level	1986-87 Minutes Requirement	2022-23 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Transitional Kindergarten	36,000	54,225	180	N/A	Complied
Kindergarten		54,225	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,225	180	N/A	Complied
Grade 2		54,225	180	N/A	Complied
Grade 3		54,225	180	N/A	Complied
Grades 4 - 5	54,000				
Grade 4		54,225	180	N/A	Complied
Grade 5		54,225	180	N/A	Complied

Vista Horizon Global Academy

Grade Level	1986-87 Minutes Requirement	2022-23 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Transitional Kindergarten	36,000	56,925	180	N/A	Complied
Kindergarten		56,925	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		56,925	180	N/A	Complied
Grade 2		56,925	180	N/A	Complied
Grade 3		56,925	180	N/A	Complied
Grades 4 - 5	54,000				
Grade 4		56,925	180	N/A	Complied
Grade 5		56,925	180	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, 2023**

Palm Lane Global Academy

Grade Level	1986-87 Minutes Requirement	2022-23 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Transitional Kindergarten	36,000	60,075	180	N/A	Complied
Kindergarten		60,075	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		62,100	180	N/A	Complied
Grade 2		62,100	180	N/A	Complied
Grade 3		62,100	180	N/A	Complied
Grades 4 - 5	54,000				
Grade 4		62,100	180	N/A	Complied
Grade 5		62,100	180	N/A	Complied
Grade 6		62,100	180	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, 2023**

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>
NET ASSETS			
Balance, June 30, 2023, Unaudited Actuals	\$ 7,870,804	\$ 2,314,312	\$ 3,385,390
Decrease in:			
Receivables	(232,058)	(387,702)	(916,747)
Payables	-		
Prepays	(77,736)	-	-
Refundable advances	-	192,916	-
Balance, June 30, 2023, Unaudited Actuals			
Audited Combined Financial Statements	<u>\$ 7,561,010</u>	<u>\$ 2,119,526</u>	<u>\$ 2,468,643</u>

	<u>Palm Lane</u>	<u>Total</u>
NET ASSETS		
Balance, June 30, 2023, Unaudited Actuals	\$ 5,157,859	\$ 13,570,506
Decrease in:		
Receivables	(1,077,403)	(1,536,507)
Payables	223,482	-
Prepays	118,487	(77,736)
Refundable advances	-	192,916
Balance, June 30, 2023, Unaudited Actuals		
Audited Combined Financial Statements	<u>\$ 4,422,425</u>	<u>\$ 12,149,179</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, 2023**

NOTE 1 - PURPOSE OF SUPPLEMENTARY SCHEDULES

Consolidated Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying combined 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, 2023. 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 to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The Organization 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, 2023, 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, 2023**

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 requirements 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 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. 5th Street, LLC (the LLCs) (California Nonprofit Public Benefit Corporations) as of June 30, 2023, 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 15, 2023.

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) to determine the 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 were not 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 determination of 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.



Brea, California
December 15, 2023

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL 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. 5th 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, 2023. 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, 2023.

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 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 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 15, 2023

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 Compliance

Opinion on State Compliance

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 *2022-2023 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, 2023.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

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, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance 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 opinion. 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 state 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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material 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 state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 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 consider 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 *2022-2023 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 controls over compliance. Accordingly, we express no such opinion; and.

Select and test transactions and records to determine the Organization’s compliance with the state 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
Home to School Transportation	No, see below

Independent Study Certification for ADA Loss Mitigation No, see below

SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND
CHARTER SCHOOLS

California Clean Energy Jobs Act No, see below

After School Education and Safety Program

 General Requirements Yes

 After School Yes

 Before School Yes, 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 No, see below

Educator Effectiveness Grant Yes

Expanded Learning Opportunities Grant (ELO-G) Yes

Career Technical Education Incentive Grant No, see below

Transitional Kindergarten Yes

CHARTER SCHOOLS

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 offers a Before School Education and Safety Program only at Condor, Horizon, and Palm Lane sites; therefore, we did not perform procedures related to the Before School Education and Safety Program at Vista CMS or Heritage.

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.

The Organization's charter school was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

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 *2022-2023 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 15, 2023

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, 2023**

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 2 CFR 200.516(a) of the Uniform Guidance?	<u>No</u>
Identification of major Federal programs:	

<u>Federal Financial Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425, 84.425C, 84.425D and 84.425U</u>	<u>Elementary and Secondary Schools</u>
<u>10.555 and 10.559</u>	<u>Emergency Relief (ESSER) Funds</u>
	<u>Child Nutrition Cluster</u>
<u>84.287</u>	<u>Title IV, Part B: 21st Century</u>
	<u>Community Learning Centers</u>

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

STATE AWARDS

Internal control over state 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 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, 2023**

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, 2023**

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, 2023**

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, 2023**

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Compliance Findings

None reported.