



Financial Statements
June 30, 2022

ISANA

ISANA Nascent Academy #0716

ISANA Octavia Academy #1232

ISANA Palmati Academy #1246

ISANA Cardinal Academy #1285

ISANA Achernar Academy #1827

ISANA Himalia Academy #1858

Independent Auditor’s Report	1
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Supplementary Information	
Schedule of Expenditures of Federal Awards	19
Local Education Agency Organization Structure	20
Schedule of Average Daily Attendance.....	21
Schedule of Instructional Time.....	24
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	27
Combining Statement of Financial Position	28
Combining Statement of Activities.....	30
Notes to Supplementary Information	32
Independent Auditor’s Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	36
Independent Auditor’s Report on State Compliance	39
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results.....	44
Financial Statement Findings	45
Federal Awards Findings and Questioned Costs	46
State Compliance Findings and Questioned Costs	47
Summary Schedule of Prior Audit Findings.....	48



Independent Auditor's Report

Governing Board
ISANA
Los Angeles, California

Report on the Financial Statements

Opinion

We have audited the financial statements of ISANA (the Organization) (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

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 one year after the date that the financial statements are available to be issued.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information on pages 19-33 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 12, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
December 12, 2022

ISANA
Statement of Financial Position
June 30, 2022

Assets		
Current assets		
Cash		\$ 21,490,803
Receivables		9,435,321
Prepaid expenses		<u>437,876</u>
Total current assets		<u>31,364,000</u>
Non-current assets		
Security deposit		75,776
Property and equipment, net		<u>2,831,979</u>
Total non-current assets		<u>2,907,755</u>
Total assets		<u><u>\$ 34,271,755</u></u>
Liabilities		
Current liabilities		
Accounts payable		\$ 2,952,261
Accrued liabilities		2,249,361
Refundable advance		3,330,626
Deferred rent		<u>(29,300)</u>
Total liabilities		<u>8,502,948</u>
Net Assets		
Without donor restrictions		25,433,860
With donor restrictions		<u>334,947</u>
Total net assets		<u>25,768,807</u>
Total liabilities and net assets		<u><u>\$ 34,271,755</u></u>

ISANA
Statement of Activities
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Local Control Funding Formula	\$ 29,930,884	\$ -	\$ 29,930,884
Federal revenue	10,114,117	-	10,114,117
Other state revenue	8,260,958	334,947	8,595,905
Local revenues	131,426	-	131,426
Fundraising revenue	349	-	349
Net assets released from restrictions	560,319	(560,319)	-
	<u>48,998,053</u>	<u>(225,372)</u>	<u>48,772,681</u>
Total support and revenues			
Expenses			
Program services	34,470,080	-	34,470,080
Management and general	9,339,998	-	9,339,998
	<u>43,810,078</u>	<u>-</u>	<u>43,810,078</u>
Total expenses			
Change in Net Assets	5,187,975	(225,372)	4,962,603
Net Assets, Beginning of Year	<u>20,245,885</u>	<u>560,319</u>	<u>20,806,204</u>
Net Assets, End of Year	<u>\$ 25,433,860</u>	<u>\$ 334,947</u>	<u>\$ 25,768,807</u>

ISANA
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Management and General	Total Expenses
Salaries	\$ 16,152,826	\$ 4,100,617	\$ 20,253,443
Employee benefits	4,231,653	962,806	5,194,459
Payroll taxes	1,914,439	209,551	2,123,990
Fees for services	3,649,639	1,651,762	5,301,401
Advertising and promotions	46,745	9,179	55,924
Office expenses	1,171,831	308,602	1,480,433
Information technology	172,347	43,754	216,101
Occupancy	2,266,624	469,901	2,736,525
Conferences and meeting	88,154	22,378	110,532
Interest	-	36,910	36,910
Depreciation	-	140,740	140,740
Insurance	494,302	125,486	619,788
Capital outlay	166,321	42,222	208,543
Special education	461,592	-	461,592
Instructional materials	1,859,684	459,871	2,319,555
Nutrition	1,714,102	435,150	2,149,252
District oversight fees	-	292,237	292,237
	<u>\$ 34,470,080</u>	<u>\$ 9,339,998</u>	<u>\$ 43,810,078</u>
Total functional expenses			

ISANA
Statement of Cash Flows
Year Ended June 30, 2022

Operating Activities	
Change in net assets	\$ 4,962,603
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation expense	140,740
Changes in operating assets and liabilities	
Receivables	4,088,457
Prepaid expenses	(202,569)
Accounts payable	718,485
Accrued liabilities	1,267,373
Refundable advance	1,603,934
Deferred rent	<u>(29,300)</u>
Net Cash from (used for) Operating Activities	<u>12,549,723</u>
Investing Activities	
Purchases of property and equipment	<u>(181,991)</u>
Net Change in Cash	12,367,732
Cash, Beginning of Year	<u>9,123,071</u>
Cash, End of Year	<u><u>\$ 21,490,803</u></u>
Supplemental Cash Flow Disclosure	
Cash paid during the year in interest	<u><u>\$ 36,911</u></u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

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

ISANA Nascent Academy

Charter school number authorized by the State: 0716

ISANA Nascent Academy is located at 3417 West Jefferson Blvd., Los Angeles, CA and serves 522 students in grades TK-8.

ISANA Octavia Academy

Charter school number authorized by the State: 1232

ISANA Octavia Academy is located at 3010 Estara Ave., Los Angeles, CA and serves 379 students in grades TK-8.

ISANA Palmati Academy

Charter school number authorized by the State: 1246

ISANA Palmati Academy is located at 6501 Laurel Canyon Blvd., CA and serves 353 students in grades TK-8.

ISANA Cardinal Academy

Charter school number authorized by the State: 1285

ISANA Cardinal Academy is located at 7330 Bakman Ave., CA and serves 299 students in grades TK-5.

ISANA Achernar Academy

Charter school number authorized by the State: 1827

ISANA Achernar Academy is located at 310 E. El Segundo Blvd., CA and serves 431 students in grades TK-8.

ISANA Himalia Academy

Charter school number authorized by the State: 1858

ISANA Himalia Academy is located at 4607 South Central Ave., CA and serves 633 students in grades TK-8.

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

Basis of Accounting

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

Net Assets

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

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

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

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding receivables as of June 30, 2022 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

Intra-Entity Transactions

Intra-entity transactions results from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Intra-entity transfers include certain costs of shared liabilities and shared assets between the Organization.

Property and Equipment

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

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2022.

Deferred Rent

The Organization recognizes escalating rent provisions on a straight-line basis over the lease term. The difference between the rent expense and the required lease payments is reflected as deferred rent in the accompanying statement of financial position.

Revenue and Revenue Recognition

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

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Consequently, at June 30, 2022, conditional contributions approximating \$11,004,308, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

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, 2022.

Functional Allocation of Expenses

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

Income Taxes

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

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

Estimates

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

Financial Instruments and Credit Risk

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

Note 2 - Liquidity and Availability

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

Financial assets		
Cash		\$ 21,490,803
Receivables		9,435,321
		<u>30,926,124</u>
Financial assets at year end		<u>30,926,124</u>
Less those available for general expenditure within one year due to		
Restrictions by donor with purpose restrictions		<u>(334,947)</u>
Financial assets availability to meet cash needs for general expenditure		
within one year		<u><u>\$ 30,591,177</u></u>

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

Note 3 - Property and Equipment

Property and equipment consist of the following at June 30, 2022:

Land		\$ 1,157,420
Building improvements		2,258,555
Building		2,119,550
Computers and equipment		806,184
		<u>6,341,709</u>
Less accumulated depreciation		<u>(3,509,730)</u>
Total		<u><u>\$ 2,831,979</u></u>

Note 4 - Equipment Leases

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

Future minimum lease payments are as follows:

Year Ending June 30,		
2023	\$	199,765
2024		66,588
Total	\$	266,353

Note 5 - Facilities Use Agreements/Operating Leases

ISANA Octavia Academy

During 2021, ISANA Octavia Academy entered into a Proposition 39 Single-Year Co-Location Use Agreement (Agreement) with Los Angeles Unified School District (LAUSD) for the District School Site located at 3350 Fletcher Drive, Los Angeles, CA 90065. The single-year term of the Agreement commenced on July 1, 2021 and expires June 30, 2022. Total annual Pro Rata Share for the year ending June 30, 2022, was \$123,533.

During 2021, ISANA Octavia Academy entered into an additional Agreement with LAUSD for the District School Site located at 3010 Estara Ave., Los Angeles CA 90065. The single-year term of the Agreement commenced on July 1, 2021 and expires June 30, 2022. Total annual Pro Rata Share for the year ending June 30, 2022, was \$192,885.

ISANA Palmati Academy

During 2021, ISANA Palmati Academy entered into a Proposition 39 Single-Year Co-Location Use Agreement (Agreement) with Los Angeles Unified School District (LAUSD) for the District School Site located at 6501 Laurel Canyon Blvd., North Hollywood, CA 91606. The single-year term of the Agreement commenced on July 1, 2021 and expires June 30, 2022. Total annual Pro Rata Share for the year ending June 30, 2022, was \$154,285.

During 2021, ISANA Palmati Academy entered into an additional Agreement with LAUSD for the District School Site located at 8001 Ledge Ave., Sun Valley, CA 91352. The single-year term of the Agreement commenced on July 1, 2021 and expires June 30, 2022. Total annual Pro Rata Share for the year ending June 30, 2022, was \$68,799.

ISANA Cardinal Academy

During 2021, ISANA Cardinal Academy entered into a Proposition 39 Single-Year Co-Location Use Agreement (Agreement) with Los Angeles Unified School District (LAUSD) for the District School Site located at 7330 Bakman Ave., Sun Valley, CA 91352. The single-year term of the Agreement commenced on July 1, 2021 and expires June 30, 2022. Total annual Pro Rata Share for the year ending June 30, 2022, was \$159,891.

ISANA Nascent Academy

During 2021, ISANA Nascent Academy entered into a Proposition 39 Single-Year Co-Location Use Agreement (Agreement) with Los Angeles Unified School District (LAUSD) for the District School Site located at 4231 4th Ave., Los Angeles, CA 90008. The single-year term of the Agreement commenced on July 1, 2021 and expires June 30, 2022. Total annual Pro Rata Share for the year ending June 30, 2022, was \$162,108.

On May 1, 2021, ISANA Nascent Academy renewed and restated the Lease Agreement with Rafael Gonzalez Trust for the property located at 3409-3417 W. Jefferson Blvd., Los Angeles, CA 90018. The Lease has been renewed through June 30, 2025. Total lease expense for the year ending June 30, 2022 was \$222,000.

Year Ending June 30,	Lease Payment
2023	\$ 222,000
2024	222,000
2025	222,000
Total	\$ 666,000

ISANA Himalia Academy

On May 5, 2017, ISANA Himalia Academy entered into a Lease Agreement with Paradise Baptist Church of Los Angeles for the property located at 5100 S. Broadway, Los Angeles, CA 90037. The lease was originally due to expire June 30, 2032; however due to a mutual agreement, the lease was terminated in November 2021. Total lease expense for the year ending June 30, 2022 was \$84,410.

On May 4, 2007, ISANA Himalia Academy entered into a Lease Agreement with Pilgrim Missionary Baptist Church for the property located at 4501 Wadsworth Ave., Los Angeles, CA 90011, for a term of five years. The lease was subsequently renewed through June 30, 2027. Total lease expense for the year ending June 30, 2022 was \$120,000.

Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payment
2023	\$ 120,000
2024	120,000
2025	120,000
2026	120,000
2027	120,000
Total	\$ 600,000

ISANA Achernar Academy

On January 7, 2020, ISANA Achernar Academy entered into a Prop 39 Facilities Use Agreement (Agreement) with Compton Unified School District (CUSD) for the property located at 310 E. El Segundo Blvd., Compton, CA 90222. The Agreement expires June 30, 2026. The total annual pro rata share charges will be re-calculated every year for the term of the Agreement. Total annual Pro Rata Share for the year ending June 30, 2022, was \$465,727.

Home Office

On April 12, 2017, ISANA Home Office entered into a Lease Agreement with Paramount Plaza, LLC for the property located at 3580 Wilshire Blvd., Los Angeles, CA 90010. The lease commenced on May 1, 2017 and expires April 30, 2024. Per the terms of the lease, base rent will be increased annually 3% and an operating expense will also apply separately. Total lease expense for the year ending June 30, 2022 was \$212,380.

Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payment
2023	\$ 219,153
2024	187,762
Total	\$ 406,915

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

Note 6 - Net Assets

Net assets consist of the following at June 30, 2022:

Net Assets Without Donor Restrictions	
Undesignated net assets	\$ 25,433,860
Net Assets with Donor Restrictions	
Subject to expenditure for specified purpose	
Child Nutrition	\$ 334,947
Satisfaction of purpose restrictions	
Child Nutrition	\$ 527,741
After School Education and Safety (ASES)	7,329
Classified School Employee Professional Development Block Grant	25,249
Total nets assets released from donor restrictions	\$ 560,319

Note 7 - Employee Retirement Systems

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

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

The details of the plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, the Organization, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the Organization's total contributions were \$2,062,504.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,528,049 (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.

Social Security

Public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) are covered by social security or an alternative plan. The Organization has elected to use the social security as its alternative plan.

Note 8 - Contingencies, Risks, and Uncertainties

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

Note 9 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through December 12, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.



Supplementary Information
June 30, 2022

ISANA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Special Education Cluster			
Basic Local Assistance Entitlement	84.027	13379	\$ 749,075
American Rescue Plan (ARP) Part B, Sec. 611			
Local Assistance Entitlement	84.027	15638	43,225
Mental Health Average Daily Attendance (ADA)			
Allocation, Part B, Sec 611	84.027A	15197	5,529
Total Special Education (IDEA) Cluster			<u>797,829</u>
Passed through California Department of Education (CDE)			
COVID-19 - Elementary and Secondary School Emergency			
Relief (ESSER) Fund	84.425D	15536	91
COVID-19 - Elementary and Secondary School Emergency			
Relief II (ESSER II) Fund	84.425D	15547	2,614,631
COVID-19 - Expanded Learning Opportunities (ELO) Grant			
ESSER II State Reserves	84.425D	15618	217,902
COVID-19 - Expanded Learning Opportunities (ELO)			
Grant GEER II	84.425C	15619	42,795
COVID-19 - Expanded Learning Opportunities (ELO)			
(ESSER III) State Reserve, Emergency Needs	84.425U	15620	64,883
COVID-19 - Expanded Learning Opportunities (ELO)			
(ESSER III) State Reserve, Learning Loss	84.425U	15621	51,620
COVID-19 - Elementary and Secondary School Emergency			
Relief III (ESSER III) Fund	84.425U	15559	2,130,699
Subtotal			<u>5,122,621</u>
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	1,213,453
Title II, Part A, Supporting Effective Instruction	84.367	14341	145,273
Title III, English Learner Student Program	84.365	14346	54,085
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	111,219
State Charter School Facilities Incentive Grant Program	84.282D	[1]	379,372
Total U.S. Department of Education			<u>7,026,023</u>
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Summer Food Service Program	10.559	13004	1,780,182
Total Child Nutrition Cluster			<u>1,780,182</u>
U.S. Department of Health and Human Services			
Passed through Center for Disease Control (CDC)			
Epidemiology and Laboratory Capacity for			
Infectious Diseases (ELC)	93.323	[1]	510,083
Total Federal Financial Assistance			<u>\$ 10,114,117</u>

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

ORGANIZATION

The Organization operates six schools in California. Each school is operated on the same tax identification number as the Organization. Charters were granted for each school for five-year terms, with an opportunity for renewal. Charters may be revoked by the charter authorizer for material violations of the charter, failure to meet or make progress toward student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law. As of June 30, 2022, the schools operated by the Organization were as follows:

Charter School Name	Charter Number	Sponsoring District	Charter Expiration	Grades Served	Number of Students Served
ISANA Nascent Academy	0716	Los Angeles Unified School District	June 30, 2025	K-8	522
ISANA Octavia Academy	1232	Los Angeles Unified School District	June 30, 2025	K-8	379
ISANA Palmati Academy	1246	Los Angeles Unified School District	June 30, 2026	K-8	353
ISANA Cardinal Academy	1285	Los Angeles Unified School District	June 30, 2026	K-5	299
ISANA Achernar Academy	1827	Compton Unified School District	June 30, 2026	K-8	431
ISANA Himalia Academy	1858	California Department of Education	June 30, 2026	K-8	633

GOVERNING BOARD

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

ADMINISTRATION

Nadia Shaiq	Chief Executive Officer
John Vargas	Chief Operations Officer

ISANA Nascent Academy

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	210.40	210.76
Fourth through sixth	191.98	191.85
Seventh and eighth	62.00	62.32
Total regular ADA	464.38	464.93
Classroom Based ADA		
Transitional kindergarten through third	210.40	210.76
Fourth through sixth	191.98	191.85
Seventh and eighth	62.00	62.32
Total classroom based ADA	464.38	464.93

ISANA Octavia Academy

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	149.45	150.40
Fourth through sixth	133.75	133.94
Seventh and eighth	90.58	90.72
Total regular ADA	373.78	375.06
Classroom Based ADA		
Transitional kindergarten through third	149.45	150.40
Fourth through sixth	133.75	133.94
Seventh and eighth	90.58	90.72
Total classroom based ADA	373.78	375.06

ISANA Palmati Academy

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	175.31	175.89
Fourth through sixth	109.67	107.69
Seventh and eighth	35.69	35.77
Total regular ADA	320.67	319.35
Classroom Based ADA		
Transitional kindergarten through third	175.31	175.89
Fourth through sixth	109.67	107.69
Seventh and eighth	35.69	35.77
Total classroom based ADA	320.67	319.35

ISANA Cardinal Academy

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	174.88	176.05
Fourth and fifth	93.15	93.80
Total regular ADA	268.03	269.85
Classroom Based ADA		
Transitional kindergarten through third	174.88	176.05
Fourth and fifth	93.15	93.80
Total classroom based ADA	268.03	269.85

ISANA Achernar Academy

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	173.46	172.38
Fourth through sixth	175.60	174.46
Seventh and eighth	79.18	78.85
Total regular ADA	428.24	425.69
Classroom Based ADA		
Transitional kindergarten through third	173.46	172.38
Fourth through sixth	175.60	174.46
Seventh and eighth	79.18	78.85
Total classroom based ADA	428.24	425.69

ISANA Himalia Academy

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	254.75	254.30
Fourth through sixth	199.00	198.54
Seventh and eighth	124.16	124.05
Total regular ADA	577.91	576.89
Classroom Based ADA		
Transitional kindergarten through third	254.75	254.30
Fourth through sixth	199.00	198.54
Seventh and eighth	124.16	124.05
Total classroom based ADA	577.91	576.89

ISANA
Schedule of Instructional Time
Year Ended June 30, 2022

ISANA Nascent Academy

Grade Level	1986-87 Minutes Requirement	2020-21 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	57,810	-	57,810	177	-	-	177	Complied
Grades 1 - 3	50,400								
Grade 1		57,810	-	57,810	177	-	-	177	Complied
Grade 2		57,810	-	57,810	177	-	-	177	Complied
Grade 3		57,810	-	57,810	177	-	-	177	Complied
Grades 4 - 6	54,000								
Grade 4		57,810	-	57,810	177	-	-	177	Complied
Grade 5		57,810	-	57,810	177	-	-	177	Complied
Grade 6		57,810	-	57,810	177	-	-	177	Complied
Grades 7 - 8	54,000								
Grade 7		57,810	-	57,810	177	-	-	177	Complied
Grade 8		57,810	-	57,810	177	-	-	177	Complied

ISANA Octavia Academy

Grade Level	1986-87 Minutes Requirement	2020-21 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	57,810	-	57,810	177	-	-	177	Complied
Grades 1 - 3	50,400								
Grade 1		57,810	-	57,810	177	-	-	177	Complied
Grade 2		57,810	-	57,810	177	-	-	177	Complied
Grade 3		57,810	-	57,810	177	-	-	177	Complied
Grades 4 - 6	54,000								
Grade 4		57,810	-	57,810	177	-	-	177	Complied
Grade 5		57,810	-	57,810	177	-	-	177	Complied
Grade 6		57,810	-	57,810	177	-	-	177	Complied
Grades 7 - 8	54,000								
Grade 7		57,810	-	57,810	177	-	-	177	Complied
Grade 8		57,810	-	57,810	177	-	-	177	Complied

ISANA
Schedule of Instructional Time
Year Ended June 30, 2022

ISANA Palmati Academy

Grade Level	1986-87 Minutes Requirement	2020-21 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	58,650	-	58,650	177	-	-	177	Complied
Grades 1 - 3	50,400								
Grade 1		58,650	-	58,650	177	-	-	177	Complied
Grade 2		58,650	-	58,650	177	-	-	177	Complied
Grade 3		58,650	-	58,650	177	-	-	177	Complied
Grades 4 - 6	54,000								
Grade 4		58,650	-	58,650	177	-	-	177	Complied
Grade 5		58,650	-	58,650	177	-	-	177	Complied
Grade 6		58,650	-	58,650	177	-	-	177	Complied
Grades 7 - 8	54,000								
Grade 7		58,650	-	58,650	177	-	-	177	Complied
Grade 8		58,650	-	58,650	177	-	-	177	Complied

ISANA Cardinal Academy

Grade Level	1986-87 Minutes Requirement	2020-21 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	57,810	-	57,810	177	-	-	177	Complied
Grades 1 - 3	50,400								
Grade 1		57,810	-	57,810	177	-	-	177	Complied
Grade 2		57,810	-	57,810	177	-	-	177	Complied
Grade 3		57,810	-	57,810	177	-	-	177	Complied
Grades 4 - 5	54,000								
Grade 4		57,810	-	57,810	177	-	-	177	Complied
Grade 5		57,810	-	57,810	177	-	-	177	Complied

ISANA
Schedule of Instructional Time
Year Ended June 30, 2022

ISANA Achernar Academy

Grade Level	1986-87 Minutes Requirement	2020-21 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	57,810	-	57,810	177	-	-	177	Complied
Grades 1 - 3	50,400								
Grade 1		57,810	-	57,810	177	-	-	177	Complied
Grade 2		57,810	-	57,810	177	-	-	177	Complied
Grade 3		57,810	-	57,810	177	-	-	177	Complied
Grades 4 - 6	54,000								
Grade 4		57,810	-	57,810	177	-	-	177	Complied
Grade 5		57,810	-	57,810	177	-	-	177	Complied
Grade 6		57,810	-	57,810	177	-	-	177	Complied
Grades 7 - 8	54,000								
Grade 7		57,810	-	57,810	177	-	-	177	Complied
Grade 8		57,810	-	57,810	177	-	-	177	Complied

ISANA Himalia Academy

Grade Level	1986-87 Minutes Requirement	2020-21 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	57,810	-	57,810	177	-	-	177	Complied
Grades 1 - 3	50,400								
Grade 1		57,810	-	57,810	177	-	-	177	Complied
Grade 2		57,810	-	57,810	177	-	-	177	Complied
Grade 3		57,810	-	57,810	177	-	-	177	Complied
Grades 4 - 6	54,000								
Grade 4		57,810	-	57,810	177	-	-	177	Complied
Grade 5		57,810	-	57,810	177	-	-	177	Complied
Grade 6		57,810	-	57,810	177	-	-	177	Complied
Grades 7 - 8	54,000								
Grade 7		57,810	-	57,810	177	-	-	177	Complied
Grade 8		57,810	-	57,810	177	-	-	177	Complied

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2022

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

	<u>Nascent</u>	<u>Octavia</u>	<u>Palmati</u>	<u>Cardinal</u>	<u>Achernar</u>	<u>Himalia</u>
Net Assets						
Balance, June 30, 2022, Unaudited Actuals	\$ 5,409,232	\$ 3,814,567	\$ 3,767,096	\$ 3,419,974	\$ 4,984,005	\$ 4,619,544
Increase in						
Receivables	345,861	324,100	257,698	123,532	335,721	345,655
Accounts payable	<u>(299,597)</u>	<u>(253,433)</u>	<u>(206,929)</u>	<u>(154,032)</u>	<u>(136,170)</u>	<u>(165,519)</u>
Balance, June 30, 2022, Audited Financial Statements	<u>\$ 5,455,496</u>	<u>\$ 3,885,234</u>	<u>\$ 3,817,865</u>	<u>\$ 3,389,474</u>	<u>\$ 5,183,556</u>	<u>\$ 4,799,680</u>

ISANA
Combining Statement of Financial Position
June 30, 2022

	Home Office	Nascent Academy	Octavia Academy	Palmati Academy
Assets				
Current assets				
Cash	\$ 1,132,153	\$ 3,075,134	\$ 2,960,354	\$ 3,033,339
Receivables	425,527	1,714,863	1,543,816	1,172,154
Intra-entity receivable	-	1,671,915	609,380	768,215
Prepaid expenses	342,830	21,324	3,979	3,608
Total current assets	1,900,510	6,483,236	5,117,529	4,977,316
Non-current assets				
Security deposit	48,776	-	-	-
Property and equipment, net	2,396,872	297,258	41,593	16,393
Total non-current assets	2,445,648	297,258	41,593	16,393
Total assets	\$ 4,346,158	\$ 6,780,494	\$ 5,159,122	\$ 4,993,709
Liabilities				
Current liabilities				
Accounts payable	\$ 564,964	\$ 316,248	\$ 509,460	\$ 498,719
Accrued liabilities	710,343	358,945	297,927	273,138
Refundable advance	-	649,805	466,501	403,987
Deferred rent	(29,300)	-	-	-
Intra-entity payable	3,862,649	-	-	-
Total liabilities	5,108,656	1,324,998	1,273,888	1,175,844
Net Assets (Deficit)				
Without donor restrictions	(762,498)	5,391,186	3,833,987	3,773,652
With donor restrictions	-	64,310	51,247	44,213
Total net assets (deficit)	(762,498)	5,455,496	3,885,234	3,817,865
Total liabilities and net assets	\$ 4,346,158	\$ 6,780,494	\$ 5,159,122	\$ 4,993,709

ISANA
Combining Statement of Financial Position
June 30, 2022

	Cardinal Academy	Achernar Academy	Himalia Academy	Elimination	Total
Assets					
Current assets					
Cash	\$ 3,119,606	\$ 4,071,918	\$ 4,098,299	\$ -	\$ 21,490,803
Receivables	1,064,569	1,636,416	1,877,976	-	9,435,321
Intra-entity receivable	275,674	406,562	130,903	(3,862,649)	-
Prepaid expenses	2,123	48,012	16,000	-	437,876
Total current assets	4,461,972	6,162,908	6,123,178	(3,862,649)	31,364,000
Non-current assets					
Security deposit	-	-	27,000	-	75,776
Property and equipment, net	16,393	7,584	55,886	-	2,831,979
Total non-current assets	16,393	7,584	82,886	-	2,907,755
Total assets	\$ 4,478,365	\$ 6,170,492	\$ 6,206,064	\$ (3,862,649)	\$ 34,271,755
Liabilities					
Current liabilities					
Accounts payable	\$ 452,408	\$ 255,116	\$ 355,346	\$ -	\$ 2,952,261
Accrued liabilities	194,511	180,801	233,696	-	2,249,361
Refundable advance	441,972	551,019	817,342	-	3,330,626
Deferred rent	-	-	-	-	(29,300)
Intra-entity payable	-	-	-	(3,862,649)	-
Total liabilities	1,088,891	986,936	1,406,384	(3,862,649)	8,502,948
Net Assets (Deficit)					
Without donor restrictions	3,351,960	5,125,610	4,719,963	-	25,433,860
With donor restrictions	37,514	57,946	79,717	-	334,947
Total net assets (deficit)	3,389,474	5,183,556	4,799,680	-	25,768,807
Total liabilities and net assets	\$ 4,478,365	\$ 6,170,492	\$ 6,206,064	\$ (3,862,649)	\$ 34,271,755

ISANA
Combining Statement of Activities
Year Ended June 30, 2022

	<u>Home Office</u>	<u>Nascent Academy</u>	<u>Octavia Academy</u>	<u>Palmati Academy</u>	<u>Cardinal Academy</u>
Support and Revenues					
Local Control Funding Formula	\$ -	\$ 5,763,534	\$ 4,667,628	\$ 3,997,262	\$ 3,236,937
Federal revenue	-	1,897,250	1,471,950	1,406,281	1,275,493
Other state revenue	-	1,854,221	1,307,814	1,116,584	967,616
Local revenues	5,146,259	4,455	841	2,476	2,475
Fundraising revenue	-	-	-	-	99
Total support and revenues	<u>5,146,259</u>	<u>9,519,460</u>	<u>7,448,233</u>	<u>6,522,603</u>	<u>5,482,620</u>
Expenses					
Program services	1,452,588	8,032,699	5,736,077	5,074,417	4,291,036
Management and general	<u>2,377,629</u>	<u>1,512,040</u>	<u>1,134,300</u>	<u>1,025,769</u>	<u>956,079</u>
Total expenses	<u>3,830,217</u>	<u>9,544,739</u>	<u>6,870,377</u>	<u>6,100,186</u>	<u>5,247,115</u>
Change in Net Assets	1,316,042	(25,279)	577,856	422,417	235,505
Net Assets, (Deficit) Beginning of Year	<u>(2,078,540)</u>	<u>5,480,775</u>	<u>3,307,378</u>	<u>3,395,448</u>	<u>3,153,969</u>
Net Assets (Deficit), End of Year	<u>\$ (762,498)</u>	<u>\$ 5,455,496</u>	<u>\$ 3,885,234</u>	<u>\$ 3,817,865</u>	<u>\$ 3,389,474</u>

ISANA
Combining Statement of Activities
Year Ended June 30, 2022

	Achernar Academy	Himalia Academy	Elimination	Total
Support and Revenues				
Local Control Funding Formula	\$ 5,347,160	\$ 6,918,363	\$ -	\$ 29,930,884
Federal revenue	1,947,059	2,116,084	-	10,114,117
Other state revenue	1,393,954	1,955,716	-	8,595,905
Local revenues	-	990	(5,026,070)	131,426
Fundraising revenue	250	-	-	349
Total support and revenues	8,688,423	10,991,153	(5,026,070)	48,772,681
Expenses				
Program services	6,209,331	7,994,195	(4,320,263)	34,470,080
Management and general	1,273,952	1,766,036	(705,807)	9,339,998
Total expenses	7,483,283	9,760,231	(5,026,070)	43,810,078
Change in Net Assets	1,205,140	1,230,922	-	4,962,603
Net Assets, (Deficit) Beginning of Year	3,978,416	3,568,758	-	20,806,204
Net Assets (Deficit), End of Year	\$ 5,183,556	\$ 4,799,680	\$ -	\$ 25,768,807

Note 1 - Purpose of Supplementary Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the Organization had no food commodities in inventory.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. 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.

Combining Statement of Financial Position and Combining Statement of Activities

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



Independent Auditor's Reports
June 30, 2022

ISANA



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governing Board
ISANA
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ISANA (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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Rancho Cucamonga, California
December 12, 2022



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

Governing Board
ISANA
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited ISANA's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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.

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

Rancho Cucamonga, California
December 12, 2022



Independent Auditor's Report on State Compliance

Governing Board
ISANA
Los Angeles, California

Report on Compliance

Opinion on State Compliance

We have audited ISANA's (the Organization) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the Organization's state program requirements identified below for the year ended June 30, 2022.

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, 2022.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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 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.

Compliance Requirements Tested

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	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
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below

	Procedures Performed
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	No, see below
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Programs listed above for “Local Education Agencies Other Than Charter Schools” are not applicable to charter schools; therefore, we did not perform any related procedures.

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

The Organization does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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

We did not perform Career Technical Education Incentive Grant procedures because the Organization did not receive funding for this grant.

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

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

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

Rancho Cucamonga, California
December 12, 2022



Schedule of Findings and Questioned Costs
June 30, 2022

ISANA

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19 Education Stabilization Fund Special Education Cluster Title I, Part A, Basic Grants Low-Income and Neglected	84.425C, 84.425D, 84.425U 84.027, 84.027A 84.010
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance for programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

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