

ENVISION EDUCATION, INC.
**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
YEAR ENDED JUNE 30, 2022

COMPRISED OF:

CITY ARTS AND TECH HIGH SCHOOL (C.A.T. CAMPUS) - #599
ENVISION ACADEMY OF ARTS & TECHNOLOGY
(E.A. CAMPUS) - #811
IMPACT ACADEMY OF ARTS & TECHNOLOGY
(IMPACT CAMPUS) - #836

**ENVISION LEARNING PARTNERS
SUPPORT OFFICE
EEI 2560 DARWIN LLC
CHESTNUT CAMPUS, INC.**



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**ENVISION EDUCATION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Envision Education, Inc.
Oakland, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Envision Education, Inc. (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2022, and the changes in their net assets and their 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Envision Education, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 School'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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

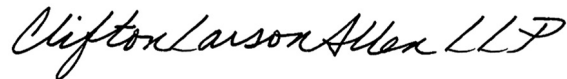
Our audit was conducted for the purpose of forming an opinion on the School's consolidated financial statements as a whole. The C.A.T. Campus, E.A. Campus, Impact Campus, Envision Learning Partners, Support Office, EEI 2560 Darwin LLC, Chestnut Campus, and Eliminations columns in the statements of financial position, activities, and cash flows as well as the supplementary information (as identified in the table of contents) accompanying supplementary schedules, and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

Board of Directors
Envision Education, Inc.

Such information is the responsibility of management and, except for the portion marked “unaudited”, was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole. The Local Education Agency Organization Structure, which is marked “unaudited”, has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued a report dated February 7, 2023 on our consideration of the School’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 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 School’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
February 7, 2023

ENVISION EDUCATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	C.A.T. Campus	E.A. Campus	Impact Campus	Envision Learning Partners	Support Office	EEI 2560 Darwin LLC	Chestnut Campus	Eliminations	Total
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 709,645	\$ 872,614	\$ 7,506,626	\$ 1,334,069	\$ 120,500	\$ 433,013	\$ 169,500	\$ -	\$ 11,145,967
Accounts and Grants Receivable	436,245	1,215,596	1,768,178	181,950	59,810	-	-	-	3,661,779
Intercompany Receivables	-	3,204,721	1,596,277	-	-	-	-	(4,800,998)	-
Prepaid Expenses and Other Assets	7,687	12,441	14,186	-	78,034	-	-	-	112,348
Total Current Assets	<u>1,153,577</u>	<u>5,305,372</u>	<u>10,885,267</u>	<u>1,516,019</u>	<u>258,344</u>	<u>433,013</u>	<u>169,500</u>	<u>(4,800,998)</u>	<u>14,920,094</u>
LONG-TERM ASSETS									
Property, Plant, and Equipment, Net	135,272	221,535	514,811	8,628	28,675	5,274,281	2,229,758	-	8,412,960
Total Long-Term Assets	<u>135,272</u>	<u>221,535</u>	<u>514,811</u>	<u>8,628</u>	<u>28,675</u>	<u>5,274,281</u>	<u>2,229,758</u>	<u>-</u>	<u>8,412,960</u>
Total Assets	<u>\$ 1,288,849</u>	<u>\$ 5,526,907</u>	<u>\$ 11,400,078</u>	<u>\$ 1,524,647</u>	<u>\$ 287,019</u>	<u>\$ 5,707,294</u>	<u>\$ 2,399,258</u>	<u>\$ (4,800,998)</u>	<u>\$ 23,333,054</u>
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts Payable and Accrued Liabilities	\$ 171,761	\$ 125,357	\$ 331,513	\$ 124,105	\$ 274,286	\$ 8,629	\$ 29,415	\$ -	\$ 1,065,066
Intercompany Payables	-	1,229,460	1,596,277	-	1,325,115	46	650,100	(4,800,998)	-
Deferred Rent	-	-	86,246	-	15,483	-	-	-	101,729
Deferred Revenue	175,570	468,099	594,526	-	750,000	-	-	-	1,988,195
Long-Term Debt, Current Portion	128,701	-	-	-	-	244,070	315,055	-	687,826
Total Current Liabilities	<u>476,032</u>	<u>1,822,916</u>	<u>2,608,562</u>	<u>124,105</u>	<u>2,364,884</u>	<u>252,745</u>	<u>994,570</u>	<u>(4,800,998)</u>	<u>3,842,816</u>
LONG-TERM LIABILITIES									
Long-Term Debt, Net Current Portion	265,242	-	-	-	-	3,843,722	1,125,209	-	5,234,173
Total Long-Term Liabilities	<u>265,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,843,722</u>	<u>1,125,209</u>	<u>-</u>	<u>5,234,173</u>
NET ASSETS									
Without Donor Restriction	547,575	3,703,991	8,791,516	1,400,542	(2,174,706)	1,610,827	279,479	-	14,159,224
With Donor Restriction	-	-	-	-	96,841	-	-	-	96,841
Total Net Assets	<u>547,575</u>	<u>3,703,991</u>	<u>8,791,516</u>	<u>1,400,542</u>	<u>(2,077,865)</u>	<u>1,610,827</u>	<u>279,479</u>	<u>-</u>	<u>14,256,065</u>
Total Liabilities and Net Assets	<u>\$ 1,288,849</u>	<u>\$ 5,526,907</u>	<u>\$ 11,400,078</u>	<u>\$ 1,524,647</u>	<u>\$ 287,019</u>	<u>\$ 5,707,294</u>	<u>\$ 2,399,258</u>	<u>\$ (4,800,998)</u>	<u>\$ 23,333,054</u>

See accompanying Notes to Consolidated Financial Statements.

ENVISION EDUCATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	C.A.T. Campus	E.A. Campus	Impact Campus	Envision Learning Partners	Support Office	EEI 2560 Darwin LLC	Chestnut Campus	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTION:									
REVENUES									
State Revenue:									
State Apportionment	\$ 1,569,066	\$ 3,701,604	\$ 5,946,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,216,900
Other State Revenue	299,099	997,007	1,372,974	-	55,955	-	-	-	2,725,035
Federal Revenue:									
Grants and Entitlements	292,555	536,007	762,977	-	-	-	-	-	1,591,539
Local Revenue:									
In-Lieu Property Tax Revenue	860,890	1,097,187	2,645,050	-	-	-	-	-	4,603,127
Contributions	-	5,485	15,336	375,000	924,962	-	-	-	1,320,783
Fee for Service	-	128,000	-	1,235,241	151,928	-	-	-	1,515,169
Loan Forgiveness	-	-	-	-	749,000	-	-	-	749,000
Other Revenue	558,703	351,856	95,601	90	57,314	480,000	340,220	(763,333)	1,120,451
Net Assets Released from Restriction	-	-	-	-	400,000	-	-	-	400,000
Total Revenues, Net	<u>3,580,313</u>	<u>6,817,146</u>	<u>10,838,168</u>	<u>1,610,331</u>	<u>2,339,159</u>	<u>480,000</u>	<u>340,220</u>	<u>(763,333)</u>	<u>25,242,004</u>
EXPENSES									
Program Services	2,457,561	4,993,172	5,844,075	1,164,271	4,232,949	-	-	(763,333)	17,928,695
Management and General	542,929	1,207,859	1,330,549	232,372	1,015,592	549,433	60,741	-	4,939,475
Fundraising	-	-	-	-	49,915	-	-	-	49,915
Total Expenses	<u>3,000,490</u>	<u>6,201,031</u>	<u>7,174,624</u>	<u>1,396,643</u>	<u>5,298,456</u>	<u>549,433</u>	<u>60,741</u>	<u>(763,333)</u>	<u>22,918,085</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	579,823	616,115	3,663,544	213,688	(2,959,297)	(69,433)	279,479	-	2,323,919
NET ASSETS WITH DONOR RESTRICTION:									
Contributions	-	-	-	-	96,841	-	-	-	96,841
Net Assets Released from Restriction	-	-	-	-	(400,000)	-	-	-	(400,000)
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	-	-	-	-	(303,159)	-	-	-	(303,159)
TRANSFERS	<u>(371,744)</u>	<u>(115,371)</u>	<u>(2,561,657)</u>	<u>(213,686)</u>	<u>3,262,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN TOTAL NET ASSETS	208,079	500,744	1,101,887	2	2	(69,433)	279,479	-	2,020,760
Net Assets - Beginning of Year	<u>339,496</u>	<u>3,203,247</u>	<u>7,689,629</u>	<u>1,400,540</u>	<u>(2,077,867)</u>	<u>1,680,260</u>	<u>-</u>	<u>-</u>	<u>12,235,305</u>
NET ASSETS - END OF YEAR	<u>\$ 547,575</u>	<u>\$ 3,703,991</u>	<u>\$ 8,791,516</u>	<u>\$ 1,400,542</u>	<u>\$ (2,077,865)</u>	<u>\$ 1,610,827</u>	<u>\$ 279,479</u>	<u>\$ -</u>	<u>\$ 14,256,065</u>

See accompanying Notes to Consolidated Financial Statements.

ENVISION EDUCATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Eliminations	Total Expenses
Salaries and Wages	\$ 10,409,319	\$ 2,284,973	\$ -	\$ -	\$ 12,694,292
Pension Expense	1,275,735	171,708	-	-	1,447,443
Other Employee Benefits	1,075,473	219,830	-	-	1,295,303
Payroll Taxes	340,018	127,992	-	-	468,010
Management Fees	128,976	-	-	-	128,976
Legal Expenses	-	41,519	-	-	41,519
Accounting Expenses	29,077	26,008	-	-	55,085
Instructional Materials	498,945	132,631	-	-	631,576
Other Fees for Services	1,404,647	28,665	-	-	1,433,312
Advertising and Promotion Expenses	20,493	18,916	-	-	39,409
Office Expenses	726,255	229,389	-	-	955,644
Information Technology Expenses	154,301	126,245	-	-	280,546
Occupancy Expenses	2,064,532	229,393	-	(763,333)	1,530,592
Travel Expenses	74,746	7,393	-	-	82,139
Conference and Meeting Expenses	277	57	-	-	334
Interest Expense	472	220,131	-	-	220,603
Depreciation Expense	185,822	578,845	-	-	764,667
Insurance Expense	-	250,101	-	-	250,101
Other Expenses	302,940	245,679	49,915	-	598,534
Subtotal	<u>18,692,028</u>	<u>4,939,475</u>	<u>49,915</u>	<u>(763,333)</u>	<u>22,918,085</u>
Eliminations	<u>(763,333)</u>	<u>-</u>	<u>-</u>	<u>763,333</u>	<u>-</u>
Total Functional Expenses	<u>\$ 17,928,695</u>	<u>\$ 4,939,475</u>	<u>\$ 49,915</u>	<u>\$ -</u>	<u>\$ 22,918,085</u>

See accompanying Notes to Consolidated Financial Statements.

ENVISION EDUCATION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	C.A.T. Campus	E.A. Campus	Impact Campus	Envision Learning Partners	Support Office	EEI 2560 Darwin LLC	Chestnut Campus	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 208,079	\$ 500,744	\$ 1,101,887	\$ 2	\$ 2	\$ (69,433)	\$ 279,479	\$ 2,020,760
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	39,547	192,917	127,243	3,712	8,228	351,619	41,401	764,667
Loan Forgiveness	-	-	-	-	(749,000)	-	-	(749,000)
(Increase) Decrease in Assets:								
Accounts and Grants Receivable	544,323	407,890	1,466,741	133,748	(9,355)	-	-	2,543,347
Intercompany Receivables	-	(2,164,924)	870,073	-	-	-	-	(1,294,851)
Prepaid Expenses and Other Assets	(5,386)	(10,140)	(9,584)	-	(6,575)	-	-	(31,685)
Increase (Decrease) in Liabilities:								
Accounts Payable and Accrued Liabilities	(69,442)	(90,890)	70,126	(1,014)	136,878	6,629	29,415	81,702
Intercompany Payables	(638,306)	345,154	1,596,277	(75,000)	(583,420)	46	650,100	1,294,851
Deferred Rent	-	(16,318)	10,314	-	(26,078)	-	-	(32,082)
Deferred Revenue	54,856	267,410	239,838	-	549,200	-	-	1,111,304
Net Cash Provided (Used) by Operating Activities	<u>133,671</u>	<u>(568,157)</u>	<u>5,472,915</u>	<u>61,448</u>	<u>(680,120)</u>	<u>288,861</u>	<u>1,000,395</u>	<u>5,709,013</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of Property, Plant, and Equipment	(122,647)	(161,446)	(220,727)	(11,504)	(26,871)	-	(2,271,159)	(2,814,354)
Net Cash Used by Investing Activities	<u>(122,647)</u>	<u>(161,446)</u>	<u>(220,727)</u>	<u>(11,504)</u>	<u>(26,871)</u>	<u>-</u>	<u>(2,271,159)</u>	<u>(2,814,354)</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from Debt	-	-	-	-	-	-	1,637,750	1,637,750
Repayments of Debt	(126,156)	-	-	-	-	(232,115)	(197,486)	(555,757)
Net Cash Provided (Used) by Financing Activities	<u>(126,156)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(232,115)</u>	<u>1,440,264</u>	<u>1,081,993</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(115,132)</u>	<u>(729,603)</u>	<u>5,252,188</u>	<u>49,944</u>	<u>(706,991)</u>	<u>56,746</u>	<u>169,500</u>	<u>3,976,652</u>
Cash and Cash Equivalents - Beginning of Year	<u>824,777</u>	<u>1,602,217</u>	<u>2,254,438</u>	<u>1,284,125</u>	<u>827,491</u>	<u>376,267</u>	<u>-</u>	<u>7,169,315</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 709,645</u></u>	<u><u>\$ 872,614</u></u>	<u><u>\$ 7,506,626</u></u>	<u><u>\$ 1,334,069</u></u>	<u><u>\$ 120,500</u></u>	<u><u>\$ 433,013</u></u>	<u><u>\$ 169,500</u></u>	<u><u>\$ 11,145,967</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	<u>\$ 9,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,055</u>	<u>\$ 18,115</u>	<u>\$ 220,600</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES								
Loan Forgiveness	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,000</u>

See accompanying Notes to Consolidated Financial Statements.

ENVISION EDUCATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Founded in 2001, Envision Education, Inc. (the School) is a nonprofit charter management organization that operated free innovative college-preparatory high schools during the fiscal year ended June 30, 2022. Those schools educated diverse student bodies, especially first-generation college-bound youth. The School models innovative and successful high school design through its schools and brings that model to the larger educational community through Envision Learning Partners.

The School has been granted charters by the San Francisco Unified School District, Alameda County Office of Education, and the Hayward Unified School District (collectively, the Authorizers). These charters, among other matters, call for the Authorizers and the School to enter into mutually agreeable memoranda of understanding regarding the School funding entitlements pursuant to Education Code Section 47612 and 47613.5, to define the operational and oversight arrangements between the Authorizers and the School, and to define and resolve matters of mutual interest. Each Envision school is academically rigorous and integrates art and technology across the curriculum to instill the critical thinking, life experience, and creative skills necessary for students to be successful in college and beyond. During the fiscal year, the School operated three schools in the Bay area including one in San Francisco, one in Oakland, and one in Hayward, California.

Principles of Consolidation

The consolidated financial statements include the accounts of Envision Education, Inc. which is comprised of three charter schools, City Arts and Tech High School, Envision Academy of Arts & Technology and Impact Academy of Arts & Technology, a Support Office, Envision Learning Partners, EEI 2560 Darwin LLC and Chestnut Campus, Inc.. EEI 2560 Darwin LLC is an LLC whose sole member is EEI Support Corporation, a non-profit organization. All material intercompany transactions have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual method of accounting and accordingly, reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

ENVISION EDUCATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, other fees for services, office expenses, printing and postage, information technology, and other expenses, which are allocated on the basis of estimates of time and effort.

Cash and Cash Equivalents

The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed 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 (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2022. Management believes that all receivables are fully collectible, therefore, no provisions for uncollectible accounts were recorded.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased or at estimated fair, value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

ENVISION EDUCATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

At June 30, 2022, the School accrues a liability for unused vacation. The School recognizes sick leave as an expense as it is used and does not pay for unused sick leave upon termination. Therefore, no liability for sick leave is recognized in the consolidated financial statements.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Revenue Recognition

Amounts received from the California Department of Education conditional and are recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction. Amounts received from fee for service are recognized upon completion of each obligation and are reported in fee for service on the statement of activities. The performance obligation for providing these services include coaching and professional development services. Revenue is recognized over time. Related to fee for service, beginning accounts receivable was \$314,911 and beginning deferred revenue was \$-0-. As of June 30, 2022, fee for service accounts receivable was \$181,950 and deferred revenue was \$-0-. Amounts received from other local sources are recognized as revenue at a point in time and are reported in other revenue on the consolidated statement of activities.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

ENVISION EDUCATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2022, the School has conditional grants of \$6,160,358 of which \$1,988,195 are recognized as deferred revenue in the consolidated statement of financial position.

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files and exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Allocations Between Charter Schools

For the year ended June 30, 2022, the School has chosen to identify each charter school separately within the basic consolidated financial statements. In cases where specific-identification of each charter's activities was not possible, items were allocated according to ADA.

Evaluation of Subsequent Events

The School has evaluated subsequent events through February 7, 2023, the date these consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. As of June 30, 2022, financial assets available for general expenditures are comprised of the following:

Cash and Cash Equivalents	\$ 11,145,967
Accounts Receivable	3,661,779
Less: Net Assets with Donor Restrictions	<u>(96,841)</u>
Financial Assets Available for General Expenditure	<u>\$ 14,710,905</u>

ENVISION EDUCATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying consolidated financial statements are presented net of accumulated depreciation. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000. Depreciation expense was \$764,667 for the year ended June 30, 2022.

The components of property, plant, and equipment as of June 30, 2022 are as follows:

Buildings and Improvements	\$ 11,031,494
Equipment, Furniture and Fixtures	5,127,072
Total	16,158,566
Less: Accumulated Depreciation	(7,745,606)
Total Property, Plant, and Equipment	\$ 8,412,960

NOTE 5 LONG-TERM DEBT

California School Finance Authority

The School received Proposition 55 (Prop 55) funds in May 2006 in the amount of \$1,287,519 for building new facilities. The Prop 55 funds were allocated on a basis that 50% were grant funds and 50% was to be a loan. The grant share has an interest rate of 0.261% per annum and the other 50% of the loan has a 2.00% interest rate per annum. Effective August 15, 2013, the School was notified that the entire amount, \$1,287,519, will have to be paid back to the state of California. The amount outstanding at June 30, 2022 was \$393,943.

Pacific Charter Schools Development

The School received a \$1,800,000 loan bearing a 2% interest rate for building new facilities. The School will be making blended principal and interest payments over a 25-year amortization term. After seven years, the School is required to pay off the entire remaining principal amount. The amount outstanding at June 30, 2022 was \$1,518,335.

ENVISION EDUCATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 LONG-TERM DEBT (CONTINUED)

Pacific Charter Schools Development (Continued)

The School received a \$1,637,750 loan bearing a 2% interest rate for acquiring new facilities. The School will be making blended principal and interest payments over a 5-year amortization term. After five years, the School is required to pay off the entire remaining principal amount. The amount outstanding at June 30, 2022 was \$1,440,264.

Capital Impact Partners

The School received a \$3,700,000 draw construction bridge loan bearing a 6% interest rate for building new facilities. The School has drawn \$3,277,052 as of June 30, 2022. The amount outstanding at June 30, 2022 was \$2,569,457 and has a maturity date of July 2024.

Paycheck Protection Program Loan

In April 2020, the School received a loan from Umpqua Bank in the amount of \$749,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement.

In September 2021, the principal amount of \$749,000, along with accrued interest of \$10,342, was forgiven by the financial institution and U.S. Small Business Administration.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position

The future repayments on long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 687,825
2024	2,102,641
2025	2,655,643
2026	334,521
2027	141,369
Thereafter	-
Total	<u>\$ 5,921,999</u>

ENVISION EDUCATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 EMPLOYEE RETIREMENT

Defined Contribution Plan

The School has a 403(b) defined contributions retirement plan that covers all eligible employees. Employee contributions are matched by the School on a 1:1 basis up to a maximum of 3.00% of the participating employees' salaries. Contributions approximated \$25,156 for the year ended June 30, 2022.

Multi-employer Defined Benefit Pension Plans

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the state of California. The risks of participating in these multi-employer defined benefit pension plans are different from single employer plans because: (a) assets contributed to the multiemployer 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 School chooses to stop participating in the multiemployer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multi-employer plan.

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2021 total STRS plan net assets are \$310 billion, the total actuarial present value of accumulated plan benefits is \$414 billion, contributions from all employers totaled 5.744 billion, and the plan is 73% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826, and www.calstrs.com

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.21% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

ENVISION EDUCATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)

The School's contributions to STRS for the past three years are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2020	\$ 1,671,873	100 %
2021	1,626,439	100 %
2022	1,422,287	100 %

NOTE 7 OPERATING LEASES

The School leases facilities and equipment under several lease agreements where the last lease expires in November of 2037. Lease payments under these agreements for the year ended June 30, 2022 totaled \$1,597,663.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 1,174,193
2024	1,114,916
2025	1,127,547
2026	1,139,997
2027	1,005,042
Thereafter	7,489,132
Total	<u>\$ 13,050,827</u>

NOTE 8 NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are restricted for the following purposes or periods.

Subject to the Passage of Time:

Gia Truong CEO Legacy Fund - Teachers' Health & Wellness	\$ 96,841
Total Net Assets with Donor Restriction	<u>\$ 96,841</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

Release of Restrictions

Purpose:

Stuart Foundation	\$ 150,000
New Profit Inc.	250,000
Total	<u>\$ 400,000</u>

ENVISION EDUCATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 PARTICIPATION IN JOINT POWERS AUTHORITY

The School entered into a Joint Powers Agreement (JPA) known as CharterSafe a self-insurance plan for workers' compensation, property/casualty, and School board liability insurance. CharterSafe is governed by a board consisting of a representative from each member organization. The board controls the operation of CharterSafe including selection of management and approval of operating budgets, independent of any influence by the member organizations beyond their representation on the board. Each member organization pays a premium commensurate with the level of coverage requested and share surpluses and deficits proportionate to their participation in CharterSafe. CharterSafe is a separate entity which is audited by an independent accounting firm.

NOTE 10 CONTINGENCIES, RISKS, AND UNCERTAINTIES

The School 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 required reimbursement would not be material.

SUPPLEMENTARY INFORMATION

**ENVISION EDUCATION, INC.
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS'REPORT)
UNAUDITED**

Envision Education, Inc. (the School) was established in 2003, it was granted its charter for City Arts and Tech High through the San Francisco Unified School District (the District); for Envision Academy for Arts & Technology from Alameda County Office of Education; for Impact Academy of Arts & Technology from Hayward Unified; and its charter school status from the California Department of Education. The charters may be revoked by the District's and County for material violations of the charters, failure to meet or make progress toward student outcomes, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Charter School numbers authorized by the state are:

- City Arts and Tech High – 599
- Envision Academy for Arts & Technology – 811
- Impact Academy of Arts & Technology – 836

The Board of Directors and the administrator as of the year ended June 30, 2022 were as follows:

BOARD OF DIRECTORS

Member	Office	Term Expires (3-Year Term)
Gia Truong	CEO	July 2022
Mark Daoust	Board Chairperson	June 2024
Keysha Bailey	Member	June 2022
Susan Portugal	Board Secretary	April 2022
Kathi Burke	Honorary Director	N/A
Larry Hancock	Member	June 2023
Shruti Sehra	Board Vice President	June 2024
Tara Thomas	Member	June 2024
Michelle Seijas	Member	June 2025
Rob Vassel	Member	June 2024
Rhonneil Sotelo	Member	June 2025
Akil Hollis	Board Treasurer	June 2023
Kaleb Lawson	Member	June 2022
Grace Hoagland	Honorary Director	N/A
Bob Lenz	Member	June 2023
Jean Driscoll	Member	June 2025
Miyesha Perry	Member	June 2025

ADMINISTRATOR

Gia Truong	CEO
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ENVISION EDUCATION, INC.
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Instructional Minutes		Traditional Calendar	Status
	Requirement	Actual	Days	
City Arts and Technology High School				
Grade 9	64,800	65,242	181	In Compliance
Grade 10	64,800	65,242	181	In Compliance
Grade 11	64,800	65,242	181	In Compliance
Grade 12	64,800	65,242	181	In Compliance
Envision Academy of Arts and Technology				
Grade 4	54,000	54,755	179	In Compliance
Grade 5	54,000	54,755	179	In Compliance
Grade 6	54,000	54,755	179	In Compliance
Grade 7	54,000	57,485	179	In Compliance
Grade 8	54,000	57,485	179	In Compliance
Grade 9	64,800	65,015	179	In Compliance
Grade 10	64,800	65,015	179	In Compliance
Grade 11	64,800	65,015	179	In Compliance
Grade 12	64,800	65,015	179	In Compliance
Impact Academy of Arts and Technology				
Grade 6	54,000	60,750	180	In Compliance
Grade 7	54,000	60,750	180	In Compliance
Grade 8	54,000	60,750	180	In Compliance
Grade 9	64,800	64,800	180	In Compliance
Grade 10	64,800	64,800	180	In Compliance
Grade 11	64,800	64,800	180	In Compliance
Grade 12	64,800	64,800	180	In Compliance

See accompanying Notes to Supplementary Information.

ENVISION EDUCATION, INC.
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
City Arts and Technology High School Grades 9-12	191.22	198.71	192.19	197.61
Envision Academy of Arts and Technology Grades 4-6	53.41	53.41	51.85	51.85
Grades 7-8	43.58	43.58	42.19	42.19
Grades 9-12	236.40	253.55	239.24	251.63
Impact Academy of Arts and Technology Grades 4-6	107.33	113.55	108.22	112.71
Grades 7-8	214.80	228.95	217.62	227.84
Grades 9-12	375.42	394.94	383.69	397.79
ADA Totals	1,222.16	1,286.69	1,235.00	1,281.62

See accompanying Notes to Supplementary Information.

ENVISION EDUCATION, INC.
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>C.A.T. Campus</u>	<u>E.A. Campus</u>	<u>Impact Campus</u>
June 30, 2022 Annual Financial Report Fund Balances (Net Assets)	\$ 397,336	\$ 3,245,906	\$ 7,934,904
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets):			
Accounts Receivable	<u>150,239</u>	<u>458,085</u>	<u>856,612</u>
Net Adjustments and Reclassifications	<u>150,239</u>	<u>458,085</u>	<u>856,612</u>
June 30, 2022 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 547,575</u>	<u>\$ 3,703,991</u>	<u>\$ 8,791,516</u>

See accompanying Notes to Supplementary Information.

ENVISION EDUCATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Additional Award Identification	C.A.T. Campus	E.A. Campus	Impact Campus	Total
U.S. Department of Education							
Pass-Through Program from							
California Department of Education:							
Every Student Succeeds Act							
Title I, Part A, Basic Grants:							
Low-Income and Neglected	84.010	14329		\$ 81,343	\$ 123,654	\$ 183,650	\$ 388,647
Title II, Part A, Teacher Quality	84.367	14341		4,523	17,861	29,489	51,873
Title IV, Part A, Student Support & Academic Enrichment	84.424	N/A		10,000	10,000	14,426	34,426
Charter School Program Cluster							
Title IV, Part C Charter School Facilities Incentive Grant (CSFIG)	84.282D	N/A		85,658	46,344	-	132,002
Total Charter School Cluster				85,658	46,344	-	132,002
Special Education Cluster:							
Special Education - IDEA	84.027	13379		-	91,865	115,041	206,906
Total Special Education Cluster				-	91,865	115,041	206,906
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):							
Elementary and Secondary School Emergency Relief Fund	84.425D	15536	COVID-19	29,558	49,930	88,877	168,365
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	COVID-19	6,151	10,828	19,614	36,593
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	COVID-19	26,801	47,177	85,460	159,438
Expanded Learning Opportunities (ELO) Grant: ESSER III							
State Reserve, Emergency Needs	84.425U	15620	COVID-19	17,471	30,754	55,710	103,935
Expanded Learning Opportunities (ELO) Grant: ESSER III							
State Reserve, Learning Loss	84.425U	15621	COVID-19	30,117	53,015	96,034	179,166
Total Coronavirus Aid, Relief, and Economic Security Act (CARES Act)				110,098	191,704	345,695	647,497
<i>Total U.S Department of Education</i>				291,622	481,428	688,301	1,461,351
U.S. Department of Agriculture							
Pass-Through Program From							
California Department of Education:							
Child Nutrition Cluster:							
School Basic Breakfast Program	10.553	13526		-	10,181	4,070	14,251
National School Lunch Program	10.555	23165		319	43,229	69,992	113,540
Meal Supplements	10.555	N/A		-	555	-	555
Total Child Nutrition Cluster				319	53,965	74,062	128,346
Continuing Appropriations Act and Other Extensions Act:							
Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	15644	COVID-19	614	614	614	1,842
<i>Total U.S Department of Agriculture</i>				933	54,579	74,676	130,188
Total Federal Expenditures				\$ 292,555	\$ 536,007	\$ 762,977	\$ 1,591,539

N/A - Pass-through entity number not readily available or not applicable.

See accompanying Notes to Supplementary Information.

ENVISION EDUCATION, INC.
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of California Education Code.

NOTE 1 SCHEDULE OF AVERAGE DAILY ATTENDANCE

Average daily attendance is a measurement of the number of pupils attending classes of School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

NOTE 2 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited consolidated financial statements.

NOTE 3 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the 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 operations of the School, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the School.

NOTE 4 INDIRECT COST RATE

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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***

Board of Directors
Envision Education, Inc.
Oakland, 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 consolidated financial statements of Envision Education, Inc. (the School), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the consolidated financial statements, and have issued our report thereon dated February 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 consolidated financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

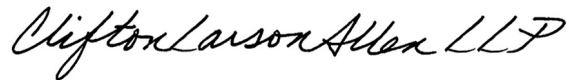
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s consolidated 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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
February 7, 2023



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE

Board of Directors
Envision Education, Inc.
Oakland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Envision Education, Inc.'s (the School) 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 the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School 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; 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 *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School 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 School'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 School's federal programs.

Auditors' 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 School'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 School'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 School'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 School'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 School'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

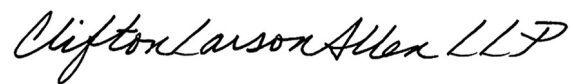
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Board of Directors
Envision Education, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
February 7, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Envision Education, Inc.
Oakland, California

Opinion on State Compliance

We have audited Envision Education, Inc.'s (the School) compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2022. The School's state compliance requirements are identified in the table below.

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects 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; and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel 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 School 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. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to below occurred, whether due to fraud or error, and express an opinion on the School'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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit

Appeals panel 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 School's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, 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 School's compliance with the compliance requirements referred to below and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School'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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, but not for the purpose of expressing an opinion on the effectiveness of the School'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.

Compliance Requirements Tested

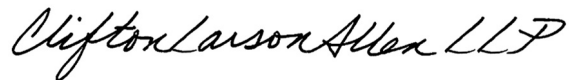
In connection with the audit referred to above, we selected and tested transactions and records to determine the School's compliance with the laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
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	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable

<u>Description</u>	<u>Procedures Performed</u>
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	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
February 7, 2023

**ENVISION EDUCATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425C	Governor’s Emergency Education Relief (GEER) Fund & ELO GEER II
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund, ESSER II, ELO ESSER II
84.425U	ESSER III, ELO: ESSER III

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? x yes _____ no

**ENVISION EDUCATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

All audit findings must be identified as one or more of the following categories:

<u>Five-Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section iv – Findings and Questioned Costs – State Compliance

There were no findings or questioned costs related to state awards for June 30, 2022.

**ENVISION EDUCATION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

There were no findings and questioned costs related to the basic consolidated financial statements, federal awards, or state awards for the prior year.



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