

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**

**OPERATING:**

**LIGHTHOUSE COMMUNITY CHARTER SCHOOL - 0413**

**LIGHTHOUSE COMMUNITY CHARTER HIGH SCHOOL - 0700**

**LODESTAR: A LIGHTHOUSE COMMUNITY PUBLIC SCHOOL - 1783**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Lighthouse Community Public Schools  
Oakland, California

### Report on the Audit of the Financial Statements

#### ***Opinion***

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

In our opinion, the 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 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lighthouse Community Public Schools 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' Responsibility 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 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 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 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 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.

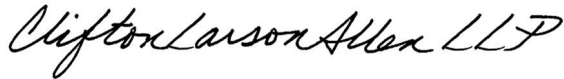
### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The LCCS, LCCHS, Lodestar, CMO 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), 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 financial statements. 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 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 information is fairly stated, in all material respects, in relation to the 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 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 28, 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 28, 2023

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

<b>ASSETS</b>	<u>LCCS</u>	<u>LCCHS</u>	<u>Lodestar</u>	<u>CMO</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 968,571	\$ 790,335	\$ 1,940,430	\$ 1,089,372	\$ -	\$ 4,788,708
Accounts Receivable - Federal and State	1,052,508	1,600,400	1,959,863	-	-	4,612,771
Accounts Receivable - Other	1,856	3,040	2,759	189,600	-	197,255
Intracompany Receivable	18,142	1,253,313	-	340,472	(1,611,927)	-
Prepaid Expenses and Other Assets	31,838	10,982	37,065	1,750	-	81,635
Total Current Assets	<u>2,072,915</u>	<u>3,658,070</u>	<u>3,940,117</u>	<u>1,621,194</u>	<u>(1,611,927)</u>	<u>9,680,369</u>
<b>LONG-TERM ASSETS</b>						
Property, Plant, and Equipment, Net	80,252	116,079	12,939	4,880,943	-	5,090,213
Other Long-Term Assets	-	-	68,400	4,683	-	73,083
Total Long-Term Assets	<u>80,252</u>	<u>116,079</u>	<u>81,339</u>	<u>4,885,626</u>	<u>-</u>	<u>5,163,296</u>
Total Assets	<u>\$ 2,153,167</u>	<u>\$ 3,774,149</u>	<u>\$ 4,021,456</u>	<u>\$ 6,506,820</u>	<u>\$ (1,611,927)</u>	<u>\$ 14,843,665</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable and Accrued Liabilities	\$ 283,890	\$ 260,440	\$ 307,585	\$ 175,105	\$ -	\$ 1,027,020
Deferred Revenue	532,617	720,552	805,420	-	-	2,058,589
Intracompany Payable	368,195	-	587,720	656,012	(1,611,927)	-
Total Current Liabilities	<u>1,184,702</u>	<u>980,992</u>	<u>1,700,725</u>	<u>831,117</u>	<u>(1,611,927)</u>	<u>3,085,609</u>
<b>NET ASSETS</b>						
Without Donor Restrictions	874,708	2,793,157	2,300,921	5,675,703	-	11,644,489
With Donor Restrictions	93,757	-	19,810	-	-	113,567
Total Net Assets	<u>968,465</u>	<u>2,793,157</u>	<u>2,320,731</u>	<u>5,675,703</u>	<u>-</u>	<u>11,758,056</u>
Total Liabilities and Net Assets	<u>\$ 2,153,167</u>	<u>\$ 3,774,149</u>	<u>\$ 4,021,456</u>	<u>\$ 6,506,820</u>	<u>\$ (1,611,927)</u>	<u>\$ 14,843,665</u>

See accompanying Notes to Financial Statements.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

	LCCS	LCCHS	Lodestar	CMO	Eliminations	Total
<b>REVENUES WITHOUT DONOR RESTRICTIONS</b>						
State Revenue:						
State Aid	\$ 4,356,274	\$ 3,184,352	\$ 5,125,793	\$ -	\$ -	\$ 12,666,419
Other State Revenue	1,408,957	768,408	1,703,999	-	-	3,881,364
Federal Revenue:						
Grants and Entitlements	1,514,672	1,082,190	1,726,424	4,938	-	4,328,224
Local Revenue:						
In-Lieu Property Tax Revenue	1,472,597	882,831	1,821,729	-	-	4,177,157
Contributions	116,700	-	461,264	859,609	-	1,437,573
Investment Income	-	-	-	112	-	112
Forgiveness of Note Payable	-	-	-	2,473,600	-	2,473,600
CMO Fee Revenue	-	-	-	1,892,315	(1,892,315)	-
Local Government Grants	137,032	287,309	179,333	-	-	603,674
Other Revenue	-	-	1,602	329,525	-	331,127
Net Assets Released from Restrictions	-	320	187,190	140,799	-	328,309
Total Revenues Without Donor Restrictions	<u>9,006,232</u>	<u>6,205,410</u>	<u>11,207,334</u>	<u>5,700,898</u>	<u>(1,892,315)</u>	<u>30,227,559</u>
<b>EXPENSES</b>						
Program Services	9,151,275	6,159,149	11,259,915	2,912,395	(1,892,315)	27,590,419
Management and General	41,367	23,519	55,125	1,526,626	-	1,646,637
Fundraising	-	-	-	222,144	-	222,144
Total Expenses	<u>9,192,642</u>	<u>6,182,668</u>	<u>11,315,040</u>	<u>4,661,165</u>	<u>(1,892,315)</u>	<u>29,459,200</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	(186,410)	22,742	(107,706)	1,039,733	-	768,359
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>						
Net Assets Released from Restrictions	<u>-</u>	<u>(320)</u>	<u>(187,190)</u>	<u>(140,799)</u>	<u>-</u>	<u>(328,309)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>-</u>	<u>(320)</u>	<u>(187,190)</u>	<u>(140,799)</u>	<u>-</u>	<u>(328,309)</u>
<b>CHANGE IN TOTAL NET ASSETS</b>	(186,410)	22,422	(294,896)	898,934	-	440,050
Net Assets - Beginning of Year	<u>1,154,875</u>	<u>2,770,735</u>	<u>2,615,627</u>	<u>4,776,769</u>	<u>-</u>	<u>11,318,006</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 968,465</u>	<u>\$ 2,793,157</u>	<u>\$ 2,320,731</u>	<u>\$ 5,675,703</u>	<u>\$ -</u>	<u>\$ 11,758,056</u>

See accompanying Notes to Financial Statements.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2022**

	LCCS	LCCHS	Lodestar	CMO	Eliminations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Change in Net Assets	\$ (186,410)	\$ 22,422	\$ (294,896)	\$ 898,934	\$ -	\$ 440,050
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:						
Depreciation	56,981	44,186	37,003	589,706	-	727,876
Forgiveness of Note Payable	-	-	-	(2,473,600)	-	(2,473,600)
Transfer of Property, Plant, and Equipment	45,200	-	31,430	(76,630)	-	-
Change in Operating Assets:						
Accounts Receivable - Federal and State	1,418,475	144,201	1,291,243	-	-	2,853,919
Accounts Receivable - Other	(5,411)	3,736	(225)	87,039	-	85,139
Intracompany Receivable	-	(344,124)	-	835,266	(491,142)	-
Prepaid Expenses and Other Assets	20,422	19,878	74,272	51,830	-	166,402
Change in Operating Liabilities:						
Accounts Payable and Accrued Liabilities	3,541	72,294	(71,597)	(87,511)	-	(83,273)
Deferred Revenue	355,180	574,488	583,626	-	-	1,513,294
Intracompany Payable	(883,009)	-	47,743	344,124	491,142	-
Net Cash Provided by Operating Activities	<u>824,969</u>	<u>537,081</u>	<u>1,698,599</u>	<u>169,158</u>	<u>-</u>	<u>3,229,807</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of Property, Plant, and Equipment	-	-	-	(685,516)	-	(685,516)
Net Cash Used by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(685,516)</u>	<u>-</u>	<u>(685,516)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	824,969	537,081	1,698,599	(516,358)	-	2,544,291
Cash and Cash Equivalents - Beginning of Year	<u>143,602</u>	<u>253,254</u>	<u>241,831</u>	<u>1,605,730</u>	<u>-</u>	<u>2,244,417</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 968,571</u>	<u>\$ 790,335</u>	<u>\$ 1,940,430</u>	<u>\$ 1,089,372</u>	<u>\$ -</u>	<u>\$ 4,788,708</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>						
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 2,500</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>						
Forgiveness of Note Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,473,600</u>	<u>\$ -</u>	<u>\$ 2,473,600</u>

See accompanying Notes to Financial Statements.



**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Fundraising	Eliminations	Total Expenses
Salaries and Wages	\$ 14,445,615	\$ 684,800	\$ 160,794	\$ -	\$ 15,291,209
Pension Expense	1,148,597	54,603	12,821	-	1,216,021
Other Employee Benefits	1,781,866	61,762	14,502	-	1,858,130
Payroll Taxes	244,503	3,933	924	-	249,360
Legal Expenses	-	34,324	-	-	34,324
Accounting Expenses	-	97,173	-	-	97,173
Instructional Materials	1,712,989	37,722	-	-	1,750,711
CMO Fee Expenses	1,892,315	-	-	(1,892,315)	-
Other Fees for Services	2,272,396	184,837	-	-	2,457,233
Advertising and Promotion Expenses	964	8,781	-	-	9,745
Office Expenses	726,324	22,928	-	-	749,252
Information Technology Expenses	254,853	88,680	-	-	343,533
Occupancy Expenses	2,879,236	72,650	-	-	2,951,886
Travel Expenses	7,980	3,916	-	-	11,896
Interest Expense	-	2,500	-	-	2,500
Depreciation Expense	727,876	-	-	-	727,876
Insurance Expense	-	134,808	-	-	134,808
Other Expenses	1,387,220	153,220	33,103	-	1,573,543
Subtotal	<u>29,482,734</u>	<u>1,646,637</u>	<u>222,144</u>	<u>(1,892,315)</u>	<u>29,459,200</u>
Eliminations	<u>(1,892,315)</u>	<u>-</u>	<u>-</u>	<u>1,892,315</u>	<u>-</u>
Total	<u>\$ 27,590,419</u>	<u>\$ 1,646,637</u>	<u>\$ 222,144</u>	<u>\$ -</u>	<u>\$ 29,459,200</u>

See accompanying Notes to Financial Statements.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Lighthouse Community Public Schools (the School) is a California nonprofit public benefit corporation. The School was approved by the state of California Department of Education on February 5, 2001. The School commenced operations as Lighthouse Community Charter Public Schools during the 2002-2003 fiscal year and changed its name to Lighthouse Community Public Schools in the 2016-2017 fiscal year. Currently, the School serves approximately 1,400 students in Kindergarten through Grade 12.

The School is comprised of the following sites:

- Lighthouse Community Charter School (LCCS)
- Lighthouse Community Charter High School (LCCHS)
- Lodestar: A Lighthouse Community Public School (Lodestar)

The mission of the School is to prepare a diverse, K-12 student population for college and a career of their choice by equipping each student with the skills, knowledge, and habits of mind to become a self-motivated, competent, lifelong learner.

The School is funded principally through state of California public education monies received through the California Department of Education and the Oakland Unified School District.

**Basis of Presentation**

The accompanying 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.

**Basis of Accounting**

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

**Use of Estimates**

The preparation of 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.

**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.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS**  
**NOTES TO 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, and payroll taxes, which are allocated on the basis of estimates of time and effort.

**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.

*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. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Compensated Absences**

Accumulated unpaid employee vacation benefits are recognized as a liability of the School. The entire compensated absences liability is reported on the statement of financial position. Eleven-month employees are allocated seven days per year for compensated absences, and 12-month employees are allocated eight days. Employees can carry over up to three accrued days into the following year.

**Revenue Recognition**

Amounts received from the California Department of Education are conditional and 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.

**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 (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

**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 \$5,350,459 of which \$2,058,589 is recognized as Deferred Revenue in the statement of financial position.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 files exempt organization returns in the U.S. federal jurisdiction and with the California Franchise Tax Board.

**Allocations Among Charter Schools**

For the year ended June 30, 2022, the School has chosen to identify each charter school separately within the basic financial statements. In cases where specific-identification of each charter's activities was not possible between LCCS and LCCHS, items were allocated based on ADA at 64% and 36% for each site, respectively. In cases where specific identification of each charter's activities was not possible between LCCS, LCCHS, and Lodestar, items were allocated based on ADA at 35%, 20%, and 45%, respectively.

**Evaluation of Subsequent Events**

The School has evaluated subsequent events through February 28, 2023, the date these 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. Financial assets available for general expenditures were comprised of the following as of June 30, 2022:

Cash and Cash Equivalents	\$ 4,788,708
Accounts Receivable - Federal and State	4,612,771
Accounts Receivable - Other	197,255
Less: Net Assets With Donor Restrictions	<u>(113,567)</u>
Financial Assets Available for General Expenditure	<u><u>\$ 9,485,167</u></u>

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.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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 maximum insured amount. 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 financial statements is presented net of accumulated depreciation. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000. Depreciation expense for the year ended June 30, 2022 was \$727,876.

Property, plant, and equipment as of June 30, 2022 are as follows:

Buildings	\$ 6,402,933
Furniture, Fixtures, and Equipment	779,365
Less: Accumulated Depreciation	<u>(2,092,085)</u>
Total Property, Plant, and Equipment	<u><u>\$ 5,090,213</u></u>

**NOTE 5 LINE OF CREDIT**

The School has an unsecured revolving line of credit with First Republic Bank for \$500,000 with a variable interest rate with a floor of 3.75%. There was no outstanding balance as of June 30, 2022. The school closed the line of credit in September 2022.

**NOTE 6 EMPLOYEE RETIREMENT**

The School has a 403(b) defined contribution plan for those employees who meet the eligibility criteria set forth in the plan. The School matches employee contributions based upon criteria set forth in the plan up to 8% of compensation. Contributions to the plan for the year ended June 30, 2022 totaled \$1,216,021.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 OPERATING LEASES**

The School has various leases for current facilities, the last lease agreement expires in August 2029. The total lease expense for the year ended June 30, 2022 was \$1,946,423.

The lease for the Lodestar site includes a purchase option that can be exercised commencing on date the project is completed and ready to be occupied and ending December 31, 2023. The purchase price will be the sum of (a) the total costs incurred for the acquisition and development of the property less (b) the sum of (i) the total rent paid to the lessor less (1) total debt service paid by the lessor, (2) unreimbursed expenses of the lessor that would otherwise qualify as additional rent, (3) unreimbursed amounts expenses by the lessor on replacing capital components of the property, and (4) \$15,000 per year the lease is in effect; plus (ii) any amounts of rent that pay down the principal amount of a loan encumbering the property, (iii) any contributions to the project from the School, and (iv) the option consideration.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 1,956,802
2024	1,907,432
2025	2,017,650
2026	2,149,815
2027	2,295,197
Thereafter	3,238,116
Total	<u><u>\$ 13,565,012</u></u>

**NOTE 8 NET ASSETS**

As of June 30, 2022, the School's net assets consisted of the following:

Net Assets Without Donor Restrictions	
Undesignated	\$ 11,644,489
Total Net Assets Without Donor Restrictions	<u><u>\$ 11,644,489</u></u>
Net Assets With Donor Restrictions	
Purpose Restrictions:	
MTSS (SUMS)	\$ 38,757
Kenneth Rainin Foundation	55,000
Educate 78	19,810
Total Net Assets With Donor Restrictions	<u><u>\$ 113,567</u></u>

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 NET ASSETS (CONTINUED)**

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 year ended June 30:

Release of Restrictions	
Subject to Specific Purpose	
Marin Community Foundation	\$ 40,000
Comprehensive Support and Improvement Grant	320
Beaver Foundation	32,799
Educate 78	147,190
Silicon Schools Fund	108,000
Total Release of Restrictions	<u>\$ 328,309</u>

**NOTE 9 NOTES PAYABLE**

On April 21, 2020, the School received a loan from CRF Small Business Loan Company, LLC in the amount of \$2,473,600 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. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within ten months after the covered period, then payment of principal and interest shall begin on that date.

In August 2021, the amount of \$2,473,600, was forgiven by the financial institution and the SBA.

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.

**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.



**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 SUBSEQUENT EVENTS**

In July 2022, the School created two subsidiary LLCs called Lodestar Facilities, LLC and Lighthouse Facilities, LLC of which the School is the sole member. The LLCs were created to serve as title holding LLCs to for the benefit of the School.

On November 1, 2022, the LLCs obtained bond financing from the California School Finance Authority in the amount of \$26,865,000 (Series 2022A and Series 2022B bonds) to finance costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of certain charter school educational facilities. The bonds carry interest rates that vary from 6.330% to 7.50% and mature in June 2062.

**SUPPLEMENTARY INFORMATION**

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
YEAR ENDED JUNE 30, 2022  
UNAUDITED**

Lighthouse Community Public Schools (the School) is a nonprofit public benefit corporation and operates three charter schools approved by the Oakland Unified School District, established in 2001, 2005, and 2016:

The charter school number for Lighthouse Community Charter School is 413.

The charter school number for Lighthouse Community Charter High School is 700.

The charter school number for Lodestar: A Lighthouse Community Charter Public School is 1783.

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

**BOARD OF DIRECTORS**

<b>Member</b>	<b>Office</b>	<b>Term Expires (Term)</b>
Kimi Kean	Board Chair	2023 (3 Years)
Brandon Wall	Vice Chair	2024 (3 Years)
Mark Milner	Treasurer	2023 (3 Years)
Eduardo Figueroa	Secretary	2024 (3 Years)
Alberto Ocegueda	Member	2024 (3 Years)
Alicia Moore	Member	2023 (3 Years)
Anique Drumwright	Member	2024 (3 Years)
Ben Ochstein	Member	2024 (3 Years)
Jumoke Hinton	Member	2024 (3 Years)
Kenya Williams	Member	2023 (3 Years)
Melissa Barnes-Dholakia	Member	2024 (3 Years)
Wayne Delker	Member	2022 (3 Years)

**ADMINISTRATORS**

Rich Harrison	Chief Executive Officer
Tina Hernandez	Chief Academic Officer
Linda Wu	Director of Finance

*See accompanying Independent Auditors' Report and Notes to Supplementary Information.*

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
SCHEDULE OF INSTRUCTIONAL TIME  
YEAR ENDED JUNE 30, 2022**

	Instructional Minutes		Traditional Calendar	Status
	Requirement	Actual	Days	
<b>LCCS:</b>				
Kindergarten	36,000	61,420	177	In compliance
Grade 1	50,400	58,765	177	In compliance
Grade 2	50,400	58,580	177	In compliance
Grade 3	50,400	58,580	177	In compliance
Grade 4	54,000	58,765	177	In compliance
Grade 5	54,000	58,765	177	In compliance
Grade 6	54,000	63,335	177	In compliance
Grade 7	54,000	63,335	177	In compliance
Grade 8	54,000	63,335	177	In compliance
<b>LCCHS:</b>				
Grade 9	64,800	65,805	177	In compliance
Grade 10	64,800	65,805	177	In compliance
Grade 11	64,800	65,805	177	In compliance
Grade 12	64,800	65,805	177	In compliance
<b>Lodestar:</b>				
Kindergarten	36,000	61,750	177	In compliance
Grade 1	50,400	59,095	177	In compliance
Grade 2	50,400	58,910	177	In compliance
Grade 3	50,400	58,910	177	In compliance
Grade 4	54,000	58,910	177	In compliance
Grade 5	54,000	58,910	177	In compliance
Grade 6	54,000	64,365	177	In compliance
Grade 7	54,000	64,365	177	In compliance
Grade 8	54,000	64,365	177	In compliance
Grade 9	64,800	66,505	177	In compliance
Grade 10	64,800	66,505	177	In compliance

*See accompanying Independent Auditors' Report and Notes to Supplementary Information.*

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
YEAR ENDED JUNE 30, 2022**

	Second Period Report		Audit Adjustments		Second Period Report (Audited)	
	Classroom		Classroom		Classroom	
	Based	Total	Based	Total	Based	Total
LCCS:						
Grades TK/K-3	175.81	180.41	-	-	175.81	180.41
Grades 4-6	155.12	161.24	-	-	155.12	161.24
Grades 7-8	129.02	133.32	-	-	129.02	133.32
Total	459.95	474.97	-	-	459.95	474.97
LCCHS:						
Grades 9-12	263.49	275.84	-	-	263.49	275.84
Total	263.49	275.84	-	-	263.49	275.84
Lodestar:						
Grades TK/K-3	166.99	177.95	-	-	166.99	177.95
Grades 4-6	152.37	162.59	-	-	152.37	162.59
Grades 7-8	127.91	136.52	-	-	127.91	136.52
Grades 9-10	100.07	110.55	-	(0.31)	100.07	110.24
Total	547.34	587.61	-	(0.31)	547.34	587.30
Second Period ADA Total	<u>1,270.78</u>	<u>1,338.42</u>	<u>-</u>	<u>(0.31)</u>	<u>1,270.78</u>	<u>1,338.11</u>
	Annual Report		Audit Adjustments		Annual Report (Audited)	
	Classroom		Classroom		Classroom	
	Based	Total	Based	Total	Based	Total
LCCS:						
Grades TK/K-3	176.68	181.17	-	-	176.68	181.17
Grades 4-6	156.09	162.11	-	-	156.09	162.11
Grades 7-8	131.32	135.49	-	-	131.32	135.49
Total	464.09	478.77	-	-	464.09	478.77
LCCHS:						
Grades 9-12	262.00	272.73	-	-	262.00	272.73
Total	262.00	272.73	-	-	262.00	272.73
Lodestar:						
Grades TK/K-3	167.11	179.48	-	-	167.11	179.48
Grades 4-6	153.46	163.04	-	-	153.46	163.04
Grades 7-8	128.12	136.48	-	-	128.12	136.48
Grades 9-10	101.23	111.73	-	(0.25)	101.23	111.48
Total	549.92	590.73	-	(0.25)	549.92	590.48
Annual Report ADA Total	<u>1,276.01</u>	<u>1,342.23</u>	<u>-</u>	<u>(0.25)</u>	<u>1,276.01</u>	<u>1,341.98</u>

See accompanying Independent Auditors' Report and Notes to Supplementary Information.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

	<u>LCCS</u>	<u>LCCHS</u>	<u>Lodestar</u>
June 30, 2022 Annual Financial Report Fund Balances (Net Assets)	\$ 1,252,744	\$ 2,968,453	\$ 2,665,394
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets):			
Cash and Cash Equivalents	(123)	74	635
Accounts Receivable	(8,601)	805,622	49,308
Prepaid Expenses and Other Assets	-	-	(92,744)
Deferred Revenue	(532,617)	(720,552)	(805,420)
Accounts Payable and Accrued Liabilities	<u>257,062</u>	<u>(260,440)</u>	<u>503,558</u>
Notes Payable	-	-	-
Net Adjustments and Reclassifications	<u>(284,279)</u>	<u>(175,296)</u>	<u>(344,663)</u>
June 30, 2022 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 968,465</u>	<u>\$ 2,793,157</u>	<u>\$ 2,320,731</u>

See accompanying Independent Auditors' Report and Notes to Supplementary Information.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Additional Award Identification	LCCS	LCCHS	Lodestar	CMO	Total Federal Expenditures
<b>U.S. Department of Education</b>								
Pass-Through Program from California Department of Education:								
Every Child Succeeds Act:								
Title I, Part A, Basic Grants - Low-Income and Neglected	84.010	14329		\$ 215,320	\$ 113,944	\$ 234,153	\$ -	\$ 563,417
School Improvement (CSI) Funding for LEAs	84.010	15438		-	183,303	-	-	183,303
Title II, Part A, Teacher Quality	84.367	14341		26,514	8,702	33,352	-	68,568
Title III, Limited English Proficient Student Program	84.365	14346		67,922	-	32,455	-	100,377
Title IV, Student Support and Academic Enrichment Grant	84.424	15396		14,443	10,000	10,792	-	35,235
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETs	84.287	14941		-	116,794	-	-	116,794
Special Education: IDEA Cluster	84.027	13379		75,426	44,706	94,271	-	214,403
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):								
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	COVID-19	14	6	6	-	26
Expanded Learning Opportunities (ELO) Grant GEER II	84.425C	15619	COVID-19	12,021	8,147	15,031	-	35,199
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	COVID-19	232,752	699	1,082	-	234,533
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	COVID-19	8,811	-	-	-	8,811
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	COVID-19	522,476	387,238	854,397	-	1,764,111
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	COVID-19	61,375	51,950	72,809	-	186,134
Total Coronavirus Aid, Relief, and Economic Security Act (CARES Act)				<u>837,449</u>	<u>448,040</u>	<u>943,325</u>	<u>-</u>	<u>2,228,814</u>
Total U.S. Department of Education				1,237,074	925,489	1,348,348	-	3,510,911
<b>U.S. Department of Agriculture</b>								
Pass-Through Program from California Department of Education:								
Child Nutrition Cluster:								
Breakfast Program Severe Need	10.553	13526		85,830	48,961	117,247	-	252,038
National School Lunch Program	10.555	13396		186,650	106,472	254,969	4,938	553,029
Total Child Nutrition Cluster				<u>272,480</u>	<u>155,433</u>	<u>372,216</u>	<u>4,938</u>	<u>805,067</u>
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
Total U.S. Department of Agriculture				273,094	156,047	372,830	4,938	806,909
<b>U.S. Department of the Treasury</b>								
Pass-Through Program from California Department of Education:								
COVID-19 Coronavirus Relief Fund	21.019	25516	COVID-19	4,504	654	5,246	-	10,404
Total U.S. Department of the Treasury				<u>4,504</u>	<u>654</u>	<u>5,246</u>	<u>-</u>	<u>10,404</u>
Total Federal Expenditures				<u>\$ 1,514,672</u>	<u>\$ 1,082,190</u>	<u>\$ 1,726,424</u>	<u>\$ 4,938</u>	<u>\$ 4,328,224</u>

See accompanying Independent Auditors' Report and Notes to Supplementary Information.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
NOTES TO SUPPLEMENTARY INFORMATION  
YEAR ENDED 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 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE**

Average daily attendance is a measurement of the number of pupils attending classes of the 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 3 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 financial statements.

**NOTE 4 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 5 INDIRECT COST RATE**

The School has elected to use a rate other than 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  
Lighthouse Community Public Schools  
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 financial statements of Lighthouse Community Public Schools (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated February 28, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the 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 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 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.

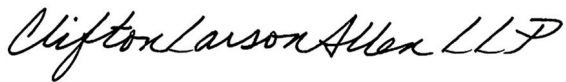
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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 28, 2023



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

Board of Directors  
Lighthouse Community Public Schools  
Oakland, California

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

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

We have audited Lighthouse Community Public Schools' (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.

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.



**CliftonLarsonAllen LLP**

Glendora, California  
February 28, 2023



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors  
Lighthouse Community Public Schools  
Oakland, California

### Opinion on State Compliance

We have audited Lighthouse Community Public Schools' (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	Not Applicable
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes

Description	Procedures Performed
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Not Applicable
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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and are described in the accompanying schedule of findings and questioned costs as item 2022-001 and 2022-002. Our opinion on each state program is not modified with respect to these matters.

The School’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School’s response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

**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 28, 2023



**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

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**Section I – Summary of Auditors’ Results**

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**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**

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425D	Elementary and Secondary School Emergency Relief II Fund
84.425U	Elementary and Secondary School Emergency Relief III Fund
84.425U	Elementary and Secondary School Emergency Relief III Fund: Learning Loss
84.425D	Expanded Learning Opportunities Grant ESSER II State Reserve
84.425C	Expanded Learning Opportunities Grant GEER II

- Dollar threshold used to distinguish between Type A and Type B programs: \$   750,000
- Auditee qualified as low-risk auditee? \_\_\_\_\_   x   yes      \_\_\_\_\_ no

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

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***Section I – Summary of Auditors’ Results (Continued)***

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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: Related and Supplemental Instruction
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

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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

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***Section IV – Findings and Questioned Costs – State Compliance***

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**2022-001      Nonclassroom-Based Instruction/Independent Study      **40000****

**LODESTAR: A LIGHTHOUSE COMMUNITY PUBLIC SCHOOL – 1783**

**Criteria:** Per Education code section 51747, every written independent study agreement must contain signatures, no later than 30 days after the first day of independent study instruction or October 15, 2021, whichever comes later by the pupil, the pupil’s parent, legal guardian or caregiver, the certificated employee who was designated as having responsibility for the general supervision of the pupil’s independent study, and all other persons, if any, who had direct responsibility for providing assistance to the pupil.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**2022-001      Nonclassroom-Based Instruction/Independent Study (Continued)      40000**

**Condition:** During Nonclassroom-based instruction/independent study pupil testing we found that 1 pupil sampled from the attendance records in tenth grade started generating apportionment on September 20, 2021 however, did not contain all of the required signatures on the independent study master agreement until January 20, 2022. This exceeded the later or 30 days or October 15, 2021.

**Effect:** The School is not in compliance with Education code section 51747 for the student sampled and over-reported ADA by 0.31 in its P2.

**Cause:** Return to in-person instruction from COVID complicated efforts to obtain all signatures by the required date.

**Questioned Costs:** Decrease in apportionment of \$4,087.

**Repeat Finding:** This is not a repeat finding.

**Management Corrective Action Plan:** Management of the School has developed additional monitoring processes should there be a future requirement for offering non-classroom-based instruction/independent study to ensure that all the signature requirements on the independent study master agreements are completed within the timeframe allowed.

**2022-002      Unduplicated Local Control Funding Formula Pupil Counts      40000**

**LIGHTHOUSE COMMUNITY CHARTER SCHOOL – 0413 (LCCS)  
LIGHTHOUSE COMMUNITY CHARTER HIGH SCHOOL – 0700 (LCCHS)  
LODESTAR: A LIGHTHOUSE COMMUNITY PUBLIC SCHOOL – 1783 (Lodestar)**

**Criteria:** Education code section 42238.02(b)(2) requires a charter school to submit its enrolled free and reduced-price meal eligibility, foster youth and English learner pupil-level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CALPADS). The CALPADS 1.17 and 1.18 reports should accurately report the number of students eligible for free and reduced-price meals and those identified as “English Learners”.

**Condition:** For LCCS – 0413, we noted three exceptions from our sample. One student was reported as Free however there was no supporting documentation to support the designation. Another student was reported as Free and one student was reported as Reduced however the supporting documentation indicated that both students were not eligible for Free or Reduced status.

For LCCHS – 0700, we noted one exception from our sample. One student was reported as Reduced however the supporting documentation indicated that the student was not eligible for Reduced status.

Lodestar – 1783, we noted two exceptions from our sample. Two students were reported as Free however there was no supporting documentation to support the designation.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**2022-002      Unduplicated Local Control Funding Formula Pupil Counts (continued)      40000**

**Effect:** The School is not in compliance with Education code section 42238.02(b)(2). The error identified above was extrapolated to the population of free and reduced eligible pupils and the 1.17 and 1.18 reports contained errors as follows:

Charter	Charter School Audit Adjustments to CALPADS Data								
	Original		Updated		Net Change		Supplemental Grant Funding		
	Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Original Entitlement	Revised Entitlement	Adjustment
LCCS - 0413	531	496	531	467	-	(29)	750,896	735,697	(15,199)
LCCHS - 0700	313	291	313	282	-	(9)	499,120	493,572	(5,548)
Lodestar - 1783	669	598	669	579	-	(19)	887,131	876,849	(10,282)

**Cause:** This was a clerical error.

**Questioned Costs:** The error identified in the condition was extrapolated to the population of free and reduced eligible pupils and resulted in revised entitlement with a decrease of \$31,029 on supplemental grant funding which is used in the calculation of the LCFF entitlement.

**Repeat Finding:** This is not a repeat finding.

**Management Corrective Action Plan:** Management of the School has developed additional monitoring processes to ensure accuracy in the reporting of pupil eligibility for free and reduced-price meals.

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2022**

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



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