

CALIBER PUBLIC SCHOOLS
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED JUNE 30, 2018)

OPERATING:

Caliber Beta Academy: #1622
Caliber ChangeMakers Academy: #1779



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AUDIT, TAX, AND
CONSULTING

**CALIBER PUBLIC SCHOOLS
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(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Caliber Public Schools
Richmond, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Caliber Public Schools (the School), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2019, 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.

Management's Responsibility for the Consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to on page 1 present fairly, in all material respects, the financial position of the School as of June 30, 2019, 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.

Other Matters

Supplementary Information


Our audit was conducted for the purpose of forming an opinion on the School's consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying other supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 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.

Report on Summarized Comparative Information

We have previously audited the School's 2018 consolidated financial statements, and we expressed an unmodified opinion on those statements in our report dated November 2, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2019 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 on the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
December 9, 2019

CALIBER PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,410,893	\$ 4,015,466
Accounts Receivable - Federal and State	2,336,159	2,014,118
Accounts Receivable - Other	638	-
Pledges Receivable	509,825	300,000
Prepaid Expenses and Other Assets	122,148	186,419
Total Current Assets	<u>10,379,663</u>	<u>6,516,003</u>
LONG-TERM ASSETS		
Pledges Receivable	448,953	-
Property, Plant, and Equipment, Net	2,684,555	2,271,723
Total Long-Term Assets	<u>3,133,508</u>	<u>2,271,723</u>
Total Assets	<u><u>\$ 13,513,171</u></u>	<u><u>\$ 8,787,726</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 1,253,091	\$ 1,046,725
Total Current Liabilities	<u>1,253,091</u>	<u>1,046,725</u>
LONG-TERM LIABILITIES		
Notes Payable	1,299,607	-
Total Long-Term Liabilities	<u>1,299,607</u>	<u>-</u>
NET ASSETS		
Without Donor Restriction	8,954,755	7,741,001
With Donor Restriction	2,005,718	-
Total Net Assets	<u>10,960,473</u>	<u>7,741,001</u>
Total Liabilities and Net Assets	<u><u>\$ 13,513,171</u></u>	<u><u>\$ 8,787,726</u></u>

See accompanying Notes to Consolidated Financial Statements.

**CALIBER PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

	<u>2019</u>	<u>2018</u>
REVENUES, WITHOUT DONOR RESTRICTION		
State Revenue:		
State Aid	\$ 10,439,629	\$ 8,400,010
Other State Revenue	1,339,712	1,618,247
Federal Revenue:		
Grants and Entitlements	1,429,057	1,299,964
Local Revenue:		
In-Lieu Property Tax Revenue	3,731,013	3,057,631
Investment Income	49,834	11,930
Other Revenue	2,086,491	2,858,930
Amounts released from restrictions	215,695	636,275
Total Revenues, Without Donor Restriction	<u>19,291,431</u>	<u>17,882,987</u>
EXPENSES		
Program Services	15,152,627	13,976,637
Management and General	2,948,334	1,520,878
Total Expenses	<u>18,100,961</u>	<u>15,497,515</u>
CHANGE IN NET ASSETS, WITHOUT DONOR RESTRICTION	1,190,470	2,385,472
REVENUES, WITH DONOR RESTRICTION		
Other Revenue	2,244,697	-
Amounts released from restrictions	<u>(215,695)</u>	<u>(636,275)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTION	2,029,002	(636,275)
CHANGE IN NET ASSETS	3,219,472	1,749,197
Net Assets, Beginning of Year	<u>7,741,001</u>	<u>5,991,804</u>
NET ASSETS, END OF YEAR	<u><u>\$ 10,960,473</u></u>	<u><u>\$ 7,741,001</u></u>

See accompanying Notes to Consolidated Financial Statements.

**CALIBER PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,196,188	\$ 1,749,197
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	26,656	30,164
(Increase) Decrease in Assets:		
Accounts Receivable - Federal and State	(322,041)	(224,610)
Accounts Receivable - Other	(500,638)	(186,511)
Pledges Receivable	(635,494)	-
Prepaid Expenses and Other Assets	66,989	86,439
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	206,366	71,693
Net Cash Provided by Operating Activities	2,038,026	1,526,372
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	(442,206)	(274,052)
Net Cash Used by Investing Activities	(442,206)	(274,052)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from Debt	1,799,607	-
Net Cash Provided by Financing Activities	1,799,607	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,395,427	1,252,320
Cash and Cash Equivalents, Beginning of Year	4,015,466	2,763,146
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,410,893	\$ 4,015,466
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 2,095	\$ 7,819

See accompanying Notes to Consolidated Financial Statements.

CALIBER PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	Program Services	Management and General	2019 Total	2018 Total
Salaries and Wages	\$ 8,557,606	\$ 1,334,273	\$ 9,891,879	\$ 8,097,930
Pension Expense	159,021	27,046	186,067	242,913
Other Employee Benefits	918,960	135,102	1,054,062	831,551
Payroll Taxes	649,806	100,927	750,733	606,262
Management Fees	-	149,331	149,331	117,839
Legal Expenses	-	86,623	86,623	32,216
Accounting Expenses	-	30,090	30,090	16,790
Instructional Materials	577,932	-	577,932	908,308
Other Fees for Services	1,597,652	353,252	1,950,904	493,152
Office Expenses	-	340,063	340,063	394,763
Occupancy Expenses	1,672,863	-	1,672,863	1,048,969
Travel Expenses	137,755	31,599	169,354	184,292
Interest Expense	-	2,095	2,095	7,819
Depreciation Expense	26,656	-	26,656	30,164
Insurance Expense	-	82,222	82,222	69,355
Other Expenses	854,376	275,711	1,130,087	2,415,192
Total Expenses by Function	<u>\$ 15,152,627</u>	<u>\$ 2,948,334</u>	<u>\$ 18,100,961</u>	<u>\$ 15,497,515</u>

See accompanying Notes to Consolidated Financial Statements.

**CALIBER PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Caliber Public Schools (the School) is a California nonprofit public benefit corporation and is organized to manage and operate public charter schools. The School is funded principally through State of California public education monies received through the California Department of Education. The charters may be revoked by the Sponsor for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Caliber: Beta Academy (CBA), Caliber: ChangeMakers Academy (CCMA), Caliber Schools Charter Management (CMO), and Caliber East Bay Real Estate (CEBRE), a separate 501(c)(3) nonprofit corporation and sole member of Valle Vista Education, LLC (VVE). All significant intracompany and intercompany accounts and transactions between these entities have been eliminated in the consolidated financial statements.

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.

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the consolidated 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.

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.

CALIBER PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

Pledges Receivable

Unconditional promises to give expected to be received in one year or less are recorded as pledges receivable at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded as pledges receivable at fair market value at the date of the promise.

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. The useful lives range vary from 3 to 40 years.

Revenue Recognition

Amounts received from the California Department of Education 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.

CALIBER PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

The School does not allow employees to carry over unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2019.

Comparative Totals

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2018, from which the summarized information was derived. Certain prior year totals have been adjusted to conform to the June 30, 2019 presentation.

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. 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 an exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

CALIBER PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocations between Charter Schools and CMO

For the year ended June 30, 2019, the School has chosen to identify each charter school and the CMO separately within the basic financial statements. In cases where specific identification of each charter's activities was not possible, items were allocated based upon identified criteria.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

Evaluation of Subsequent Events

The School has evaluated subsequent events through December 9, 2019, the date these consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and grants receivable for the total amount of \$9,636,214. As part of the School's liquidity management plan, the School invests cash in excess of daily requirements in short term investments and money market funds.

NOTE 3 CONCENTRATION OF CREDIT RISK

The School also maintains cash balances held in banks and revolving funds which are insured up to \$250,000 by the Federal Depository 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.

CALIBER PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 PLEDGES RECEIVABLE

Unconditional promises to give expected to be received in one year or less are recorded as pledges receivable at net realizable value, which approximates fair market value. Unconditional promises to give expected to be received after one year are recorded as pledges receivable at fair value using estimated future cash flows discounted by 2 percent. At June 30, 2019, the School had pledges receivable expected to be received in the following periods:

In One Year or Less	\$ 580,000
Between One and Five Years	470,000
Total Gross Pledges Receivable	<u>1,050,000</u>
Less: Discount and Allowance on Pledges Receivable	<u>(91,222)</u>
Net Pledges Receivable	<u>\$ 958,778</u>

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment in the accompanying consolidated financial statements are presented net of accumulated depreciation. Depreciation expense was \$26,656 as of June 30, 2019.

The components of property, plant, and equipment as of June 30, 2019 are as follows:

Building and Improvements	\$ 2,261,806
Furniture, Fixtures, and Equipment	26,270
Other and Construction in Progress	461,408
Total	<u>2,749,484</u>
Less: Accumulated Depreciation and Amortization	<u>(64,929)</u>
Total Property, Plant, and Equipment	<u>\$ 2,684,555</u>

NOTE 6 LINE OF CREDIT

The School has a 1.8 million dollar revolving line of credit from Heritage Bank of Commerce at an approximately 5.75% interest rate. The line had no outstanding balance at June 30, 2019.

NOTE 7 EMPLOYEE RETIREMENT

Defined Contribution Plan

The School offers an Internal Revenue Code Section 401(k) retirement plan to each of its qualifying employees. Employer matching contributions are made at the rate equal 3% of salary for each employee who is eligible for employer contributions. The amount of employer contributions for the year ended June 30, 2019 was \$186,067.

**CALIBER PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 CMO FEES

In consideration for the provision of administration and management services, each active charter school pays a monthly “Services Fee” equal to 10% of certain state revenues of the School.

Caliber: Beta Academy paid a Service Fee of \$758,444 for the year ended June 30, 2019.

Caliber: ChangeMakers Academy paid a Service Fee of \$641,725 for the year ended June 30, 2019.

NOTE 9 MEASURE G PARCEL TAX REVENUE

The Measure “G” was authorized by an election of the registered voters of West Contra Costa Unified School District (WCCUSD). Measure “G” was approved to protect core academics – reading, writing, math and science, attract and retain qualified teachers, prepare students for college and the workforce, provide smaller class sizes for the youngest children, provide classroom computers and technology, improve safety on and around campuses, support after-school programs to keep kids away from gangs and drugs, support science laboratories, materials and activities, and support libraries for WCCUSD and its sponsored charter schools by collecting taxes of 7.2 cents per square foot of total building area on each parcel of taxable real property with the District or a tax of \$7.00 per unimproved parcel of taxable real property.

A summary of revenue and expenses for those charter schools that received these funds and spent on the required purposes is as follows:

	Caliber Beta				Total
	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	
REVENUE					
Parcel Tax Revenue	\$ 44,221	\$ 106,966	\$ 107,743	\$ 162,239	\$ 421,169
EXPENSES					
Provide Classroom Computers and Technology Instructional Supplies	-	-	67,953	-	67,953
Total	-	-	67,953	-	67,953
Preparing Student for College and the Workforce					
Classified Salaries				123,708	123,708
Employee Benefits				20,719	20,719
Books and Supplies				712	712
Services and Other Operating Expenses	-	-	-	3,600	3,600
Total	-	-	-	148,739	148,739
Supporting After-School Program					
Services and Other Operating Expenses	44,221	106,966	26,775	13,500	191,462
Total	44,221	106,966	26,775	13,500	191,462
Supporting Libraries					
Instructional Supplies	-	-	13,015	-	13,015
Total	-	-	13,015	-	13,015
Total Expenses	44,221	106,966	107,743	162,239	421,169
Net Income	\$ -	\$ -	\$ -	\$ -	\$ -

**CALIBER PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 CONTINGENCIES

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.

NOTE 11 OPERATING LEASE

The School leases various facilities under an operating leases, of which the latest expires in June 2022. Rent expense for the year ended June 30, 2019 totaled \$720,000. The minimum lease payments under the agreement is as follows:

Year Ending June 30,	Caliber: ChangeMakers Academy
2020	\$ 810,000
2021	810,000
2022	810,000
Total	\$ 2,430,000

NOTE 12 LONG TERM DEBT

Related Party Note

The CMO made a loan to CEBRE in the amount of \$500,000. The note bears no interest rate and was made to help secure property.

Prop 55 Note

The School received \$1,299,607 pursuant a funding agreement between the State Allocation Board and the California School Finance Authority collectively referred to as the State. The School applied to the State for financing of its charter school facilities project under the Charter School Facilities Program (CSFP) established pursuant to Article 12 of Chapter 12.5 of Part 10 of the California Education code. The preliminary apportionment in the amount of for the project has been approved by the state. The advance represents preliminary apportionment, for project design has been approved and disbursed by the state.

NOTE 13 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. 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.

SUPPLEMENTARY INFORMATION

**CALIBER PUBLIC SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2019**

Caliber Schools (the School) is a California nonprofit public benefit corporation and is organized to manage and operate public charter schools.

The School began serving students at Caliber: Beta Academy in August 2014. Caliber: Beta Academy (#1622) is sponsored by the Contra Costa County Office of Education. The current charter expires June 30, 2024.

The School began serving students at Caliber: ChangeMakers Academy in August 2016. Caliber: ChangeMakers Academy (#1779) is sponsored by Vallejo City United School District. The current charter expires June 30, 2021.

**CALIBER PUBLIC SCHOOLS
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
 YEAR ENDED JUNE 30, 2019**

The Board of Directors and the Administrators as of the year ended June 30, 2019 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (3 year term)</u>
Ron Beller	Co-Founder and Secretary	2020
Jennifer Moses	Co-Founder and Board Chair	2021
Anthony Adams	Member	2021
Carolyn Hack	Member	2021
Jonathan Mariner	Treasurer/CFO	2020
Robin De Gracia	Parent Member	2020

ADMINISTRATORS

Terence Johnson	CEO
Ric Zappa	Chief Schools Officer
Markus Mullarkey	Chief Operating Officer

**CALIBER PUBLIC SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019**

	Instructional Minutes		Traditional Instructional	Status
	Requirement	Actual	Days	
Caliber: Beta Academy				
Kindergarten	36,000	55,450	179	In compliance
Grade 1	50,400	57,950	179	In compliance
Grade 2	50,400	57,950	179	In compliance
Grade 3	50,400	59,200	179	In compliance
Grade 4	54,000	59,200	179	In compliance
Grade 5	54,000	59,200	179	In compliance
Grade 6	54,000	60,252	179	In compliance
Grade 7	54,000	60,252	179	In compliance
Grade 8	54,000	60,252	179	In compliance
Caliber: ChangeMakers Academy				
TK/Kindergarten	36,000	50,430	179	In compliance
Grade 1	50,400	55,875	179	In compliance
Grade 2	50,400	59,860	179	In compliance
Grade 3	50,400	60,755	179	In compliance
Grade 4	54,000	60,020	179	In compliance
Grade 5	54,000	58,070	179	In compliance
Grade 6	54,000	62,545	179	In compliance
Grade 7	54,000	62,545	179	In compliance
Grade 8	54,000	62,545	179	In compliance

See accompanying Auditors' Report and the Notes to Supplementary Information

**CALIBER PUBLIC SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019**

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Total</u>	<u>Classroom Based</u>	<u>Total</u>
Caliber: Beta Academy				
K-Grade 3	369.54	372.44	371.10	373.50
Grades 4-6	270.21	272.57	272.00	273.81
Grades 7-8	109.92	111.11	109.77	110.73
ADA Totals	<u>749.67</u>	<u>756.12</u>	<u>752.87</u>	<u>758.04</u>
Caliber: ChangeMakers Academy				
TK-Grade 3	348.95	350.49	348.31	350.04
Grades 4-6	174.64	175.11	173.87	174.50
Grades 7-8	134.23	134.56	132.86	133.35
ADA Totals	<u>657.82</u>	<u>660.16</u>	<u>655.04</u>	<u>657.89</u>
ADA Totals	<u><u>1,407.49</u></u>	<u><u>1,416.28</u></u>	<u><u>1,407.91</u></u>	<u><u>1,415.93</u></u>

See accompanying Auditors' Report and the Notes to Supplementary Information

**CALIBER PUBLIC SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

There were no differences between the Annual Financial Report and the Audited Financial Statements.

**CALIBER PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Caliber: Beta Academy	Caliber: ChangeMakers Academy	Total
U.S. Department of Education					
Pass-Through Program From					
California Department of Education:					
No Child Left Behind Act					
Title I, Part A, Basic Grants:					
Low-Income and Neglected	84.010	14329	\$ 292,540	\$ 162,106	\$ 454,646
Title II, Part A, Teacher Quality	84.367	14341	35,402	24,714	60,116
Title III, Part A, Limited English Proficiency	84.365	N/A	25,637	11,323	36,960
Special Education - IDEA Cluster	84.027	13379	160,943	78,020	238,963
<i>Total U.S Department of Education</i>			<u>514,522</u>	<u>276,163</u>	<u>790,685</u>
U.S. Department of Health and Human Services					
Pass-Through Program From					
California Department of Education:					
Title IV	93.658	N/A	21,242	10,000	31,242
<i>Total U.S Department of Agriculture</i>			<u>21,242</u>	<u>10,000</u>	<u>31,242</u>
U.S. Department of Agriculture					
Pass-Through Program From					
California Department of Education:					
Child Nutrition Programs Cluster	10.555	N/A	378,729	228,401	607,130
<i>Total U.S Department of Agriculture</i>			<u>378,729</u>	<u>228,401</u>	<u>607,130</u>
Total Federal Expenditures			<u>\$ 914,493</u>	<u>\$ 514,564</u>	<u>\$ 1,429,057</u>

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

CALIBER PUBLIC SCHOOLS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION BY LOCATION
JUNE 30, 2019

ASSETS	Caliber: Beta Academy	Caliber: ChangeMakers Academy	CMO	CEBRE	Eliminations	2019 Consolidated
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 4,055,086	\$ 340,055	\$ 2,440,010	\$ 575,742	\$ -	\$ 7,410,893
Accounts Receivable - Federal and State	1,202,394	1,133,765	-	-	-	2,336,159
Accounts Receivable - Other	12	-	500,626	-	(500,000)	638
Pledges Receivable		100,000	386,541	23,284	-	509,825
Prepaid Expenses and Other Assets	11,577	72,009	36,197	2,365	-	122,148
Total Current Assets	<u>5,269,069</u>	<u>1,645,829</u>	<u>3,363,374</u>	<u>601,391</u>	<u>(500,000)</u>	<u>10,879,663</u>
LONG-TERM ASSETS						
Pledges Receivable	-	-	448,953	-	-	448,953
Property, Plant, and Equipment, Net	546,332	118,187	-	2,020,036	-	2,684,555
Total Long-Term Assets	<u>546,332</u>	<u>118,187</u>	<u>448,953</u>	<u>2,020,036</u>	<u>-</u>	<u>3,133,508</u>
Total Assets	<u>\$ 5,815,401</u>	<u>\$ 1,764,016</u>	<u>\$ 3,812,327</u>	<u>\$ 2,621,427</u>	<u>\$ (500,000)</u>	<u>\$ 14,013,171</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 638,541	\$ 525,463	\$ 81,105	7,982	-	1,253,091
Total Current Liabilities	<u>638,541</u>	<u>525,463</u>	<u>81,105</u>	<u>7,982</u>	<u>-</u>	<u>1,253,091</u>
LONG-TERM LIABILITIES						
Notes Payable	1,299,607	-	-	500,000	(500,000)	1,299,607
Total Long-Term Liabilities	<u>1,299,607</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>(500,000)</u>	<u>1,799,607</u>
NET ASSETS						
Without Donor Restriction	2,807,029	1,138,553	2,895,728	2,113,445	-	8,954,755
With Donor Restriction	1,070,224	100,000	835,494	-	-	2,005,718
Total Net Assets	<u>3,877,253</u>	<u>1,238,553</u>	<u>3,731,222</u>	<u>2,113,445</u>	<u>-</u>	<u>10,960,473</u>
Total Liabilities and Net Assets	<u>\$ 5,815,401</u>	<u>\$ 1,764,016</u>	<u>\$ 3,812,327</u>	<u>\$ 2,621,427</u>	<u>\$ (500,000)</u>	<u>\$ 14,013,171</u>

See accompanying Auditors' Report and the Notes to Supplementary Information

**CALIBER PUBLIC SCHOOLS
CONSOLIDATING SCHEDULE OF ACTIVITIES BY LOCATION
YEAR ENDED JUNE 30, 2019**

	Caliber: Beta Academy	Caliber: ChangeMakers Academy	CMO	CEBRE	Eliminations	2019 Consolidated	2018 Consolidated
REVENUES, WITHOUT DONOR RESTRICTION							
State Revenue:							
State Aid	\$ 5,537,357	\$ 4,902,272	\$ -	\$ -	\$ -	\$ 10,439,629	\$ 8,400,010
Other State Revenue	926,124	1,372,366	(958,778)	-	-	1,339,712	1,618,247
Federal Revenue:							
Grants and Entitlements	914,493	514,564	-	-	-	1,429,057	1,299,964
Local Revenue:							
In-Lieu Property Tax Revenue	2,205,862	1,525,151	-	-	-	3,731,013	3,057,631
Investment Income	-	38,593	11,229	12	-	49,834	11,930
Other Revenue	213,283	38,109	3,209,298	25,970	(1,400,169)	2,086,491	2,858,930
Amounts released from restrictions	215,695	-	-	-	-	215,695	636,275
Total Revenues Without Donor Restriction	<u>10,012,814</u>	<u>8,391,055</u>	<u>2,261,749</u>	<u>25,982</u>	<u>(1,400,169)</u>	<u>19,291,431</u>	<u>17,882,987</u>
EXPENSES							
Program Services	7,688,050	6,845,509	619,068	-	-	15,152,627	13,976,637
Management and General	1,461,711	1,346,445	1,526,779	13,568	(1,400,169)	2,948,334	1,520,878
Total Expenses	<u>9,149,761</u>	<u>8,191,954</u>	<u>2,145,847</u>	<u>13,568</u>	<u>(1,400,169)</u>	<u>18,100,961</u>	<u>15,497,515</u>
CHANGE IN NET ASSETS, WITHOUT DONOR RESTRICTION	863,053	199,101	115,902	12,414	-	1,190,470	2,385,472
REVENUES, WITH DONOR RESTRICTION							
Local Revenue:							
Other Revenue	1,285,919	100,000	835,494	23,284	-	2,244,697	-
Amounts released from restrictions	(215,695)	-	-	-	-	(215,695)	(636,275)
CHANGE IN NET ASSETS, WITH DONOR RESTRICTION	<u>1,070,224</u>	<u>100,000</u>	<u>835,494</u>	<u>23,284</u>	<u>-</u>	<u>2,029,002</u>	<u>(636,275)</u>
CHANGE IN NET ASSETS	1,933,277	299,101	951,396	35,698	-	3,219,472	1,749,197
Net Assets, Beginning of Year	1,943,976	939,452	2,779,826	2,077,747	-	7,741,001	5,991,804
NET ASSETS, END OF YEAR	<u>\$ 3,877,253</u>	<u>\$ 1,238,553</u>	<u>\$ 3,731,222</u>	<u>\$ 2,113,445</u>	<u>\$ -</u>	<u>\$ 10,960,473</u>	<u>\$ 7,741,001</u>

See accompanying Auditors' Report and the Notes to Supplementary Information

**CALIBER PUBLIC SCHOOLS
CONSOLIDATING SCHEDULE OF CASH FLOWS BY LOCATION
YEAR ENDED JUNE 30, 2019**

	Caliber: Beta Academy	Caliber: ChangeMakers Academy	CMO	CEBRE	2019 Consolidated	2018 Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in Net Assets	\$ 1,933,277	\$ 299,101	\$ 951,396	\$ 12,414	\$ 3,196,188	\$ 1,749,197
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:						
Depreciation	26,656	-	-	-	26,656	30,164
(Increase) Decrease in Assets:						
Accounts Receivable - Federal and State	(18,276)	(303,765)	-	-	(322,041)	(224,610)
Accounts Receivable - Other	(12)	-	(500,626)	-	(500,638)	(186,511)
Pledges Receivable	-	(100,000)	(535,494)	-	(635,494)	-
Prepaid Expenses and Other Assets	55,989	35,437	(24,398)	(39)	66,989	86,439
Increase (Decrease) in Liabilities:						
Accounts Payable and Accrued Liabilities	106,090	68,221	24,098	7,957	206,366	71,693
Net Cash Provided (Used) by Operating Activities	<u>2,103,724</u>	<u>(1,006)</u>	<u>(85,024)</u>	<u>20,332</u>	<u>2,038,026</u>	<u>1,526,372</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of Property, Plant, and Equipment	<u>(412,188)</u>	<u>-</u>	<u>-</u>	<u>(30,018)</u>	<u>(442,206)</u>	<u>(274,052)</u>
Net Cash Provided (Used) by Investing Activities	<u>(412,188)</u>	<u>-</u>	<u>-</u>	<u>(30,018)</u>	<u>(442,206)</u>	<u>(274,052)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds of Debt	<u>1,299,607</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>1,799,607</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>1,299,607</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>1,799,607</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,991,143	(1,006)	(85,024)	490,314	3,395,427	1,252,320
Cash and Cash Equivalents, Beginning of Year	<u>1,063,943</u>	<u>341,061</u>	<u>2,525,034</u>	<u>85,428</u>	<u>4,015,466</u>	<u>2,763,146</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,055,086</u></u>	<u><u>\$ 340,055</u></u>	<u><u>\$ 2,440,010</u></u>	<u><u>\$ 575,742</u></u>	<u><u>\$ 7,410,893</u></u>	<u><u>\$ 4,015,466</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION						
Cash Paid for Interest	<u>\$ 2,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 2,095</u>	<u>\$ 7,819</u>

See accompanying Auditors' Report and the Notes to Supplementary Information

**CALIBER PUBLIC SCHOOLS
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES BY ENTITY
YEAR ENDED JUNE 30, 2019**

	Program Services		Management and General			2019 Total	2018 Total
	Schools and CMO	Total	Schools and CMO	CEBRE	Total		
Salaries and Wages	\$ 8,557,606	\$ 8,557,606	\$ 1,334,273	\$ -	\$ 1,334,273	\$ 9,891,879	\$ 8,097,930
Pension Expense	159,021	159,021	27,046	-	27,046	186,067	242,913
Other Employee Benefits	918,960	918,960	135,102	-	135,102	1,054,062	831,551
Payroll Taxes	649,806	649,806	100,927	-	100,927	750,733	606,262
Management Fees	-	-	149,331	-	149,331	149,331	117,839
Legal Expenses	-	-	78,641	7,982	86,623	86,623	32,216
Accounting Expenses	-	-	27,775	2,315	30,090	30,090	16,790
Instructional Materials	577,932	577,932	-	-	-	577,932	908,308
Other Fees for Services	1,597,652	1,597,652	353,252	-	353,252	1,950,904	1,631,793
Office Expenses	-	-	339,876	187	340,063	340,063	394,763
Occupancy Expenses	1,672,863	1,672,863	-	-	-	1,672,863	1,048,969
Travel Expenses	137,755	137,755	31,584	15	31,599	169,354	184,292
Interest Expense	-	-	2,073	22	2,095	2,095	7,819
Depreciation Expense	26,656	26,656	-	-	-	26,656	30,164
Insurance Expense	-	-	79,895	2,327	82,222	82,222	69,355
Other Expenses	854,376	854,376	1,675,160	720	1,675,880	2,530,256	2,415,192
Total Before Eliminations	15,152,627	15,152,627	4,334,935	13,568	4,348,503	19,501,130	16,636,156
Eliminations	-	-	(1,400,169)	-	(1,400,169)	(1,400,169)	(1,138,641)
Total Expenses by Function	<u>\$ 15,152,627</u>	<u>\$ 15,152,627</u>	<u>\$ 2,934,766</u>	<u>\$ 13,568</u>	<u>\$ 2,948,334</u>	<u>\$ 18,100,961</u>	<u>\$ 15,497,515</u>

See accompanying Auditors' Report and the Notes to Supplementary Information

**CALIBER PUBLIC SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

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 consolidated 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 governmental for the year ended June 30, 2019. 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.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected to use a rate other than the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

NOTE 5 SUPPLEMENTARY STATEMENTS BY LOCATION AND ENTITY

The supplementary consolidating statements of financial position, activities, cash flows, and functional expenses are presented as required by the state.



**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
Caliber Public Schools
Richmond, 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 of America, the consolidated financial statements of Caliber Public Schools (the School), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated 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 December 9, 2019.

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) to determine the 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.

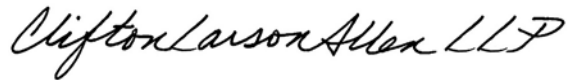
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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 determination of financial statement amounts. 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
December 9, 2019



**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
Caliber Public Schools
Richmond, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of Caliber Public Schools (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of 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, 2019.

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 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, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
December 9, 2019



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Caliber Public Schools
Richmond, California

We have audited Caliber Public Schools's (the School) compliance with the types of compliance requirements described in the *2018-2019 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, 2019. The School's state compliance requirements are identified in the table below.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the School's compliance.

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
Before/After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	No ¹
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Yes

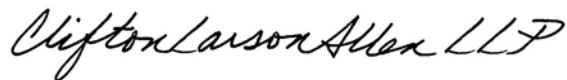
¹ We did not perform testing for independent study because the independent study ADA was under the level which requires testing.

Opinion on State Compliance

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, 2019.

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 *2018-2019 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

December 9, 2019

**CALIBER PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

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

CFDA Number(s)

10.555

Name of Federal Program or Cluster

Child Nutrition Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x Yes _____ No

**CALIBER PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

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).

**CALIBER PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

