

VOICES COLLEGE-BOUND LANGUAGE ACADEMIES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023

OPERATING:

**Voices College-Bound Language Academy #0846
Voices College-Bound Language Academy at Morgan Hill #1716
Voices College-Bound Language Academy at Mt. Pleasant #1743
Voices College-Bound Language Academy at West Contra Costa #1906
Voices College-Bound Language Academy at Stockton #2077**



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YEAR ENDED JUNE 30, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Voices College-Bound Language Academies
San Jose, California

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Voices College-Bound Language Academies (the Academies), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Academies as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Voices College-Bound Language Academies and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the Academies adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Academies' 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 Academies' 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Academies' consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The columns by location are presented in the consolidated statements of financial position, activities, and cash flows and the accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance. Such information is the responsibility of management and, except for the portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole. The Local Education Agency Organization Structure, which is marked "unaudited," has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2023 on our consideration of the Academies' 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 Academies' 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 Academies' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
December 29, 2023

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

	Voices College-Bound Language Academies								
	CMO	FMSD	Morgan Hill	Mt. Pleasant	West Contra Costa	Stockton	VCBLA Nido LLC	Eliminations	Total
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ (273,852)	\$ 3,214,822	\$ 3,321,308	\$ 1,822,750	\$ 2,435,274	\$ 638,012	\$ 657,989	\$ -	\$ 11,816,303
Accounts Receivable - State and Federal	-	1,004,057	1,044,484	987,901	749,302	316,898	-	-	4,102,642
Accounts Receivable - Other	42,927	-	-	-	-	-	-	-	42,927
Intercompany Receivable	4,372,143	794,109	-	-	-	-	-	(5,166,252)	-
Prepaid Expenses and Other Assets	10,995	11,107	21,407	16,725	9,322	2,905	5,661	-	78,122
Total Current Assets	4,152,213	5,024,095	4,387,199	2,827,376	3,193,898	957,815	663,650	(5,166,252)	16,039,994
LONG-TERM ASSETS									
Deferred Rent Asset	-	-	-	-	-	-	620,373	(620,373)	-
Property, Plant, and Equipment, Net	-	6,669,372	49,583	45,198	63,813	6,378	8,737,348	-	15,571,692
Right of Use Asset, Net	21,193,799	-	251,905	2,688,776	2,712,724	700,649	-	(21,028,268)	6,519,585
Security Deposits	20,481	-	74,800	25,000	105,000	30,388	-	-	255,669
Total Long-Term Assets	21,214,280	6,669,372	376,288	2,758,974	2,881,537	737,415	9,357,721	(21,648,641)	22,346,946
Total Assets	\$ 25,366,493	\$ 11,693,467	\$ 4,763,487	\$ 5,586,350	\$ 6,075,435	\$ 1,695,230	\$ 10,021,371	\$ (26,814,893)	\$ 38,386,940
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Accounts Payable and Accrued Liabilities	\$ 161,643	\$ 316,418	\$ 315,570	\$ 240,066	\$ 243,711	\$ 132,165	\$ 3,782	\$ -	\$ 1,413,355
Intercompany Payable	-	-	-	644,937	-	149,172	4,372,143	(5,166,252)	-
Deferred Revenue	-	1,223,527	697,085	899,022	446,346	331,905	-	-	3,597,885
Lease Liability	586,634	-	229,031	653,268	457,307	342,241	-	(413,528)	1,854,953
Revolving Loans Payable, Current Portion	-	-	-	-	40,138	49,566	-	-	89,704
Facility Loan, Current Portion	-	124,630	-	-	-	-	-	-	124,630
Notes Payable, Current Portion	-	-	-	-	-	-	-	-	-
Total Current Liabilities	748,277	1,664,575	1,241,686	2,437,293	1,187,502	1,005,049	4,375,925	(5,579,780)	7,080,527
LONG-TERM LIABILITIES									
Deferred Revenue	-	3,177,589	-	109,164	-	-	-	-	3,286,753
Lease Liability	21,234,825	-	22,874	2,035,508	2,674,079	389,030	-	(21,235,113)	5,121,203
Revolving Loans Payable	-	-	-	-	-	99,146	-	-	99,146
Facility Loan	-	3,052,958	-	-	-	-	-	-	3,052,958
Notes Payable	-	-	-	-	-	-	3,305,384	-	3,305,384
Total Long-Term Liabilities	21,234,825	6,230,547	22,874	2,144,672	2,674,079	488,176	3,305,384	(21,235,113)	14,865,444
Total Liabilities	21,983,102	7,895,122	1,264,560	4,581,965	3,861,581	1,493,225	7,681,309	(26,814,893)	21,945,971
NET ASSETS									
Without Donor Restrictions	3,383,391	3,798,345	3,498,927	1,004,385	2,213,854	202,005	2,340,062	-	16,440,969
Total Net Assets	3,383,391	3,798,345	3,498,927	1,004,385	2,213,854	202,005	2,340,062	-	16,440,969
Total Liabilities and Net Assets	\$ 25,366,493	\$ 11,693,467	\$ 4,763,487	\$ 5,586,350	\$ 6,075,435	\$ 1,695,230	\$ 10,021,371	\$ (26,814,893)	\$ 38,386,940

See accompanying Notes to Consolidated Financial Statements.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Voices College-Bound Language Academies						VCBLA Nido LLC	Eliminations	Total
	CMO	FMSD	Morgan Hill	Mt. Pleasant	West Contra Costa	Stockton			
REVENUES, WITHOUT DONOR RESTRICTIONS									
State Revenue:									
State Aid	\$ -	\$ 2,919,426	\$ 1,319,208	\$ 2,123,738	\$ 1,941,780	\$ 1,021,256	\$ -	\$ -	\$ 9,325,408
Other State Revenue	-	2,095,646	1,804,673	1,692,390	1,142,164	452,728	-	-	7,187,601
Federal Revenue:									
Grants and Entitlements	18,754	534,738	473,219	313,906	410,389	86,587	-	-	1,837,593
Local Revenue:									
In-Lieu Property Tax Revenue	-	1,122,994	1,593,270	1,074,533	727,527	143,051	-	-	4,661,375
Contributions	381,679	-	-	-	14,838	25,000	-	-	421,517
Investment Income	85,344	7,506	-	-	-	906	2,388	-	96,144
Other Revenue	3,769,735	17,432	3,387	3,992	74,661	6,522	1,214,355	(4,937,566)	152,518
Net Assets Released from Restrictions	260,000	-	-	-	-	-	-	-	260,000
Total Revenues	4,515,512	6,697,742	5,193,757	5,208,559	4,311,359	1,736,050	1,216,743	(4,937,566)	23,942,156
EXPENSES									
Program Services	2,824,104	4,098,631	3,615,542	3,590,247	3,110,965	1,509,729	3,175	(1,212,046)	17,540,347
Management and General	2,631,668	1,470,490	1,437,116	1,356,378	1,070,996	545,284	44,387	(3,725,520)	4,830,799
Fundraising	-	-	8,320	7,260	-	3,620	-	-	19,200
Total Expenses	5,455,772	5,569,121	5,060,978	4,953,885	4,181,961	2,058,633	47,562	(4,937,566)	22,390,346
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(940,260)	1,128,621	132,779	254,674	129,398	(322,583)	1,169,181	-	1,551,810
NET ASSETS WITH DONOR RESTRICTIONS									
Net Assets Released from Restrictions	(260,000)	-	-	-	-	-	-	-	(260,000)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(260,000)	-	-	-	-	-	-	-	(260,000)
TRANSFERS	3,375,000	(3,800,000)	-	-	-	425,000	-	-	-
CHANGE IN NET ASSETS	2,174,740	(2,671,379)	132,779	254,674	129,398	102,417	1,169,181	-	1,291,810
Net Assets - Beginning of Year	1,208,651	6,469,724	3,366,148	749,711	2,084,456	99,588	1,170,881	-	15,149,159
NET ASSETS - END OF YEAR	<u>\$ 3,383,391</u>	<u>\$ 3,798,345</u>	<u>\$ 3,498,927</u>	<u>\$ 1,004,385</u>	<u>\$ 2,213,854</u>	<u>\$ 202,005</u>	<u>\$ 2,340,062</u>	<u>\$ -</u>	<u>\$ 16,440,969</u>

See accompanying Notes to Consolidated Financial Statements.

VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising	Eliminations	Total Expenses
Salaries and Wages	\$ 9,660,326	\$ 542,600	\$ -	\$ -	\$ 10,202,926
Pension Expense	534,568	12,410	-	-	546,978
Other Employee Benefits	941,656	47,565	-	-	989,221
Payroll Taxes	554,133	17,137	-	-	571,270
Oversight Fees	-	3,737,150	-	(3,725,520)	11,630
Legal Expenses	-	105,381	-	-	105,381
Accounting Expenses	71,385	220,285	-	-	291,670
Instructional Materials	495,205	-	-	-	495,205
Other Fees for Services	3,115,038	765,130	-	-	3,880,168
Advertising and Promotion Expenses	5,984	17,678	-	-	23,662
Office Expenses	94,607	112,527	-	-	207,134
Information Technology Expenses	390,481	-	-	-	390,481
Occupancy Expenses	1,956,205	872,316	-	(1,212,046)	1,616,475
Travel Expenses	36,679	-	-	-	36,679
Conference and Meeting Expenses	18,991	24,467	-	-	43,458
Interest Expense	-	113,860	-	-	113,860
Depreciation Expense	161,654	53,885	-	-	215,539
Insurance Expense	-	245,337	-	-	245,337
Other Expenses	715,481	1,668,591	19,200	-	2,403,272
Subtotal	18,752,393	8,556,319	19,200	(4,937,566)	22,390,346
Eliminations	(1,212,046)	(3,725,520)	-	4,937,566	-
Total	<u>\$ 17,540,347</u>	<u>\$ 4,830,799</u>	<u>\$ 19,200</u>	<u>\$ -</u>	<u>\$ 22,390,346</u>

See accompanying Notes to Consolidated Financial Statements.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

	Voices College-Bound Language Academies						VCBLA	
	CMO	FMSD	Morgan Hill	Mt. Pleasant	West Contra Costa	Stockton	Nido LLC	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 2,174,740	\$ (2,671,379)	\$ 132,779	\$ 254,674	\$ 129,398	\$ 102,417	\$ 1,169,181	\$ 1,291,810
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	-	185,532	11,087	4,606	11,507	2,807	-	215,539
Change in Operating Assets:								
Accounts Receivable - Federal and State	18,754	183,726	13,382	(135,594)	199,507	(61,430)	-	218,345
Accounts Receivable - Other	(40,527)	-	-	-	-	-	-	(40,527)
Contribution Receivable	260,000	-	-	-	-	-	-	260,000
Intercompany Receivable	(11,452)	5,891	-	-	-	-	-	(5,561)
Prepaid Expenses and Other Assets	29,580	16,508	100,515	98,748	39,103	3,210	10,268	297,932
Security Deposits	(7,125)	-	(19,800)	-	-	-	-	(26,925)
Deferred Rent Asset	-	-	-	-	-	-	(385,846)	(385,846)
Right of Use Asset, Net	(21,193,799)	-	(251,905)	(2,688,776)	(2,712,724)	(700,649)	-	(27,547,853)
Change in Operating Liabilities:								
Accounts Payable and Accrued Liabilities	153,775	(160,246)	165,158	55,682	124,600	66,233	(21,214)	383,988
Intercompany Payable	-	-	-	(5,063)	-	(828)	11,452	5,561
Deferred Revenue	(249,101)	808,253	508,605	728,785	337,978	252,512	-	2,387,032
Deferred Liability	-	-	-	-	(261,826)	(29,483)	-	(291,309)
Lease Liabilities	21,821,459	-	251,905	2,688,776	3,131,386	731,271	-	28,624,797
Net Cash Provided (Used) by Operating Activities	2,956,304	(1,631,715)	911,726	1,001,838	998,929	366,060	783,841	5,386,983
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of Property, Plant, and Equipment	-	-	-	-	(7,320)	(9,185)	(570,852)	(587,357)
Net Cash Used by Investing Activities	-	-	-	-	(7,320)	(9,185)	(570,852)	(587,357)
CASH FLOWS FROM FINANCING ACTIVITIES								
Repayments of Debt	-	(122,166)	-	-	(40,741)	(57,827)	(95,713)	(316,447)
Net Cash Used by Financing Activities	-	(122,166)	-	-	(40,741)	(57,827)	(95,713)	(316,447)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,956,304	(1,753,881)	911,726	1,001,838	950,868	299,048	117,276	4,483,179
Cash and Cash Equivalents - Beginning of Year	(3,230,156)	4,968,703	2,409,582	820,912	1,484,406	338,964	540,713	7,333,124
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ (273,852)</u>	<u>\$ 3,214,822</u>	<u>\$ 3,321,308</u>	<u>\$ 1,822,750</u>	<u>\$ 2,435,274</u>	<u>\$ 638,012</u>	<u>\$ 657,989</u>	<u>\$ 11,816,303</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash (Allocated) Paid for Interest	\$ -	\$ 65,738	\$ -	\$ 6,192	\$ 1,299	\$ 2,381	\$ 38,250	\$ 113,860

See accompanying Notes to Financial Statements.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Voices College-Bound Language Academies (the Academies) is a California nonprofit public benefit corporation and is organized to manage and operate public charter schools. The Academies is funded principally through State of California public education monies received through the California Department of Education and the sponsoring District.

Pursuant to California Education Code Section 47607.4, which was amended by Senate Bill 114, all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, shall have their term extended by one additional year.

The Franklin-McKinley School District (District) has granted the charter for Voices College-Bound Language Academy (Voices FMSD) through June 30, 2022. The Voices FMSD's charter term is extended to June 30, 2025. The charter may be revoked by the District 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.

In September 2015, Voices began operating two new schools authorized by Santa Clara County Office of Education (SCCOE), Voices College-Bound Language Academy at Morgan Hill (Voices Morgan Hill) and Voices College-Bound Language Academy at Mt. Pleasant (Voices Mt. Pleasant). Voices also developed a Charter Management Office (CMO) to assist in the management of all three charter schools.

In 2017, Voices Morgan Hill received a renewal of their charter, which continues through June 30, 2023 and is now extended through June 30, 2026. In 2019, Voices Mt. Pleasant was granted a renewal of their charter, which continues through June 30, 2025 and is now extended through June 30, 2028. The charter may be revoked by SCCOE 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.

In the fall of 2019, the Academies opened a fourth charter school, Voices College-Bound Language Academy at West Contra Costa (Voices West Contra Costa). The West Contra Costa Unified School District (District) has granted the charter for Voices College-Bound Language Academy (Voices West Contra Costa) through June 30, 2023 and extended through June 30, 2026. The charter may be revoked by the District 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.

In the fall of 2020, the Academies opened a fifth charter school, Voices College-Bound Language Academy at Stockton (Voices Stockton). The Stockton Unified School District (Stockton District) has granted the charter for Voices College-Bound Language Academy (Voices Stockton) through June 30, 2024 and extended through June 30, 2027. The charter may be revoked by the Stockton District 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.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The consolidated financial statements include the accounts of Voices College-Bound Language Academies and VCBLA Nido, LLC (the LLC) because Voices College-Bound Language Academies has both control and an economic interest in the LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as “the Academies.”

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 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 Academies’ 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. 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.

Cash and Cash Equivalents

The Academies 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.

Accounts Receivable

Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2023. Management believes that all receivables are fully collectible; therefore, no provisions for uncollectible accounts were recorded.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Unconditional promises to give are expected to be collected within one year at net realizable value. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Management believes that all contributions receivable 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 estimated useful lives range from 3 to 50 years. The Academies capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000.

Leases

The Academies determine if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statement of financial position.

ROU assets represent the Academies' right to use an underlying asset for the lease term and lease liabilities represent the Academies' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Academies will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Academies has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Academies has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The Academies has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Compensated Absences

Effective July 1, 2020, the Academies allow administrative employees and full-time CMO staff to carryover unused vacation up to 40 and 120 hours, respectively. Accordingly, accumulated compensated absence benefits at June 30, 2023 is included in accrued liabilities.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

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 – Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the Academies 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.

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 agencies of the Academies are 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.

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.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the Academies 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 consolidated statement of financial position. As of June 30, 2023, the Academies have conditional grants of \$8,190,082 of which \$6,884,638 is recognized as deferred revenue in the consolidated statement of financial position.

Other Revenue

Other revenue consists primarily of food services and uniform sales. The performance obligation for providing these services is simultaneously received and consumed by the students.

Income Taxes

The Academies 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 Academies is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The Academies 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.

VCBLA Nido LLC is considered disregarded and therefore exempt from the payment of income taxes. The LLC has been granted exemption from the California State LLC fee under the California Revenue and Taxation Code.

Adoption of New Accounting Standard - Leases

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Academies adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the earliest comparative period presented.

The Academies has elected to adopt the package of practical expedients available in the year of adoption.

VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Evaluation of Subsequent Events

The Academies have evaluated subsequent events through December 29, 2023, the date these consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents, and accounts receivable for the total amount of \$15,961,872.

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

NOTE 3 CONCENTRATION OF CREDIT RISK

The Academies maintain interest bearing cash accounts with a financial institution. The account at this institution is insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash in this account exceeds the maximum insured amount. The Academies have not experienced any losses regarding this account and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

The Academies property, plant, and equipment are as follows:

Land	\$ 2,411,490
Building	7,808,445
Leasehold Improvements	310,404
Equipment, Furniture and Fixtures	308,063
Contruction in Progress	6,325,858
Total	<u>17,164,260</u>
Less: Accumulated Depreciation and Amortization	<u>(1,592,568)</u>
Total Property, Plant, and Equipment	<u>\$ 15,571,692</u>

Depreciation expense for the year ended June 30, 2023 was \$215,539.

VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 LEASES

Facility Leases

The Academies leases facilities under various lease agreements, the final expiring on June 30, 2045. One of the lessors is a related party and has been eliminated in the financial statements.

The following tables provide quantitative information concerning the Academies' leases for the year ended June 30, 2023:

	<u>Third Party</u>	<u>Related Party</u>	<u>Total</u>
Right of Use Asset - Facilities	\$ 8,358,994	\$ 21,803,114	\$ 30,162,108
Accumulated Amortization	(1,839,409)	(774,846)	(2,614,255)
Total	<u>\$ 6,519,585</u>	<u>\$ 21,028,268</u>	<u>\$ 27,547,853</u>
Operating Lease Cost	\$ 1,996,566	\$ 1,212,046	\$ 3,208,612
Cash Paid for Amounts Included in the			
Measurement of Lease Liabilities:			
Operating Cash Flows from Operating Leases	\$ 1,845,890	\$ 826,200	\$ 2,672,090
Right of Use Assets Obtained in Exchange for New			
Operating Lease Liabilities:			
Facilities	\$ 8,358,994	\$ 21,803,114	\$ 30,162,108
Weighted-Average Remaining Lease Term - Operating Leases	4.0 years	21.9 years	17.5 years
Weighted-Average Discount Rate - Operating Leases	2.00%	2.00%	2.00%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>			
2024	\$ 1,974,484	\$ 842,724	\$ 2,817,208
2025	1,748,891	859,579	2,608,470
2026	1,417,209	1,052,916	2,470,125
2027	1,407,892	1,073,974	2,481,866
2028	731,256	1,095,454	1,826,710
Thereafter	-	22,360,746	22,360,746
Undiscounted cash flows	<u>7,279,732</u>	<u>27,285,393</u>	<u>34,565,125</u>
(Less) imputed interest	(303,576)	(5,636,751)	(5,940,327)
Total present value	<u>\$ 6,976,156</u>	<u>\$ 21,648,642</u>	<u>\$ 28,624,798</u>

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 REVOLVING LOANS PAYABLE

Voices West Contra Costa received a revolving loan from the California Department of Education in the amount of \$250,000. The loan requires annual principal payments of \$62,502. The loan has a term of five years and carries an interest rate of 2.20%. The loan repayment schedule was revised in August 2021 to extend the repayment schedule by 12 months.

Voices Stockton received a revolving loan from the California Department of Education in the amount of \$250,000. The loan requires annual principal payments of \$62,500. The loan has a term of five years and carries an interest rate of 0.48%. The loan repayment schedule was revised in August 2021 to extend the repayment schedule by 12 months.

Annual payments of principal and interest are deducted from apportionment. The loan repayments by year are as follows:

<u>Year Ending June 30,</u>	<u>WCC</u>	<u>Stockton</u>
2024	\$ 40,138	\$ 49,566
2025	-	49,566
2026	-	49,580
Total	<u>\$ 40,138</u>	<u>\$ 148,712</u>

NOTE 7 FACILITY LOAN AND DEFERRED REVENUE

In August 2014, Voices FMSD was apportioned approximately \$8.2 million in Prop 55 Funding for new construction of a school facility on an existing site to eventually accommodate 435 students (grades K-8) of which 78% were expected to qualify for free and reduced lunch. The site for the approximate 20,000 square foot one-story facility is located on shared property with the existing G. W. Hellyer Elementary, 725 Hellyer Ave., San Jose, CA 95111. Voices FMSD constructed this project in cooperation with the Franklin-McKinley Elementary School District and consists of two kindergarten and 18 multi-grade classrooms, an administration building, and a multi-use building. Voices FMSD completed the facility in time for occupancy at the start of the 2015-16 school year.

This apportionment is comprised of 50% grant funding and 50% loan funding and is contingent upon Voices FMSD repaying its 50% local matching share obligation (funding agreement) by making payments to the State pursuant to the agreement. Beginning September 2016, Voices FMSD began repayment to the State the matching portion of the funding. The loan matures in 30 years and requires an assumed interest rate determined by the rate paid on monies in the Pooled Money Investment Account described in the California Government Code 16840 et seq. which is 2.0%. The amount of the loan for matching funds and unused funding was \$3,177,588 as of June 30, 2023.

Voices FMSD also entered into a Memorandum of Understanding (MOU) between the State and Franklin-McKinley Elementary School District (FMSD) intended to tie together two separate legal agreements: (i) a Funding Agreement by and between the state and the Academies and (ii) a Facilities Use Agreement by and between FMSD and the Academies.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 FACILITY LOAN AND DEFERRED REVENUE (CONTINUED)

The principal maturities for the loan are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 124,630
2025	127,145
2026	129,709
2027	132,326
2028	134,996
Thereafter	2,528,782
Total	<u>\$ 3,177,588</u>

NOTE 8 NOTES PAYABLE

Qualified Low Income Community Investment Loan and New Market Tax Credit Loan

In December 2020, the LLC entered into a Qualified Low Income Community Investment Loan (QLIC) with various lenders for construction of a project. The LLC has executed a lease for the site with the Academies for the future operation of the school. The QLIC loan is part of a New Market Tax Credit Agreement (NMTC). A senior lender is providing a loan to the LLC in the amount up to \$16,029,894. The QLIC loan bears an interest rate of 0.5% with a maturity date of 2050. The QLIC loan was \$5,700,000 at June 30, 2023.

The intercompany components of \$3,177,588 for a loan between the LLC and the Academies have been eliminated in the consolidated financial statements. In August 2024, when the NMTC compliance period is completed, the Academies and the lenders have a put and call option, whereas the Academies will take ownership of the Investment Fund and can forgive the LLC for remaining indebtedness under the terms of the QLIC loan.

Future maturities under notes payable are as follows:

<u>Year Ending June 30,</u>	<u>CMO</u>	<u>QLIC LLC</u>	<u>Total</u>
2024	\$ 124,630	\$ -	\$ 124,630
2025	127,145	11,639	138,784
2025	129,709	17,488	147,197
2026	132,326	21,383	153,709
2027	134,996	25,297	160,293
Thereafter	2,528,782	1,624,268	4,153,050
Total	<u>\$ 3,177,588</u>	<u>\$ 1,700,075</u>	<u>\$ 4,877,663</u>

VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 EMPLOYEE RETIREMENT

Multiemployer Defined Benefit Pension Plans

Qualified employees are covered under multiemployer defined benefit pension plans maintained by agencies of the state of California. The risks of participating in these multiemployer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if the Academies choose to stop participating in the multiemployer plan, they may be required to pay a withdrawal liability to the plan. The Academies have no plans to withdraw from this multiemployer plan.

State Teachers' Retirement System

Plan Description

The Academies contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Annual Comprehensive Financial Report and Actuarial Valuation Report for the year ended June 30, 2022 total STRS plan net assets are \$300 billion, the total actuarial present value of accumulated plan benefits is \$434 billion, contributions from all employers totaled \$6.513 billion, and the plan is 74.4% funded. The School did not contribute more than 5% of the total contributions to the plan.

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

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.21% of their salary. The Academies is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for year ended June 30, 2023 was 19.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (Continued)

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

<u>Year Ended June 30</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2021	\$ 593,342	100%
2022	621,080	100%
2023	546,978	100%

Defined Contribution Plan

The Academies offer an Internal Revenue Code Section 401(k) retirement plan to each of its qualifying employees. Employee contributions and employer contributions (up to 3% match) are used to purchase annuity contracts for each participant. The amount of employer contributions used to purchase annuity contracts for the year ended June 30, 2023 was \$164,071.

NOTE 10 WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT MEASURE G PARCEL TAX FUNDING

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 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.

Parcel tax revenues were spent on certificated salaries to attract and retain qualified teachers.

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2023</u>
REVENUES			
Program Revenue	\$ 57,714	\$ 66,763	\$ 70,321
EXPENSES			
Salaries and Wages	<u>57,714</u>	<u>66,763</u>	<u>70,321</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 CONTINGENCIES, RISKS, AND UNCERTAINTIES

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

SUPPLEMENTARY INFORMATION

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE – UNAUDITED
YEAR ENDED JUNE 30, 2023**

Voices FMSD began serving students in September 2007 and is authorized by the Franklin-McKinley School District.

Charter School number authorized by the State: 846

Voices Morgan Hill School began serving students in September 2015 and is authorized by the Santa Clara County Office of Education.

Charter School number authorized by the State: 1716

Voices Mt. Pleasant School began serving students in September 2015 and is authorized by the Santa Clara County Office of Education.

Charter School number authorized by the State: 1743

Voices West Contra Costa began serving students in September 2018 and is authorized by the West Contra Costa Unified School District.

Charter School number authorized by the State: 1906

Voices Stockton will begin serving students in September 2020 and is authorized by the Stockton Unified School District.

Charter School number authorized by the State: 2077

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE – UNAUDITED (CONTINUED)
YEAR ENDED JUNE 30, 2023**

The Board of Directors and the Administrator as of the year ended June 30, 2023 were as follows:

BOARD OF DIRECTORS

Member	Office	Term Expires (Three-Year Term)
Servando Sandoval	Chair	June 30, 2024
Kim Wisckol	Vice Chair	June 30, 2023
Alice Miller	Member	Indefinite
Pedro Carreno	Member	June 30, 2025
Judy Nguyen	Member	June 30, 2025
Jessica Arciga	Member	June 30, 2025
Ian Connell	Member	June 30, 2023

ADMINISTRATOR

Aldo Ramírez	Chief Executive Officer
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**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2023**

	Instructional Minutes		Instructional	Status
	Requirement	Actual	Days	
FMSD				
Kindergarten/TK	36,000	70,470	175	In compliance
Grade 1	50,400	67,845	175	In compliance
Grade 2	50,400	67,845	175	In compliance
Grade 3	50,400	67,845	175	In compliance
Grade 4	54,000	67,845	175	In compliance
Grade 5	54,000	67,845	175	In compliance
Grade 6	54,000	67,990	175	In compliance
Grade 7	54,000	67,990	175	In compliance
Grade 8	54,000	67,990	175	In compliance
Morgan Hill				
Kindergarten/TK	36,000	70,080	175	In compliance
Grade 1	50,400	67,455	175	In compliance
Grade 2	50,400	67,455	175	In compliance
Grade 3	50,400	67,455	175	In compliance
Grade 4	54,000	67,455	175	In compliance
Grade 5	54,000	67,455	175	In compliance
Grade 6	54,000	67,610	175	In compliance
Grade 7	54,000	67,610	175	In compliance
Mt. Pleasant				
Kindergarten/TK	36,000	70,470	175	In compliance
Grade 1	50,400	67,845	175	In compliance
Grade 2	50,400	67,845	175	In compliance
Grade 3	50,400	67,845	175	In compliance
Grade 4	54,000	67,845	175	In compliance
Grade 5	54,000	67,845	175	In compliance
Grade 6	54,000	67,990	175	In compliance
Grade 7	54,000	67,990	175	In compliance
West Contra Costa				
Kindergarten/TK	36,000	70,470	175	In compliance
Grade 1	50,400	67,845	175	In compliance
Grade 2	50,400	67,845	175	In compliance
Grade 3	50,400	67,845	175	In compliance
Grade 4	54,000	67,845	175	In compliance
Grade 5	54,000	67,845	175	In compliance
Grade 6	54,000	68,720	175	In compliance
Stockton				
Kindergarten/TK	36,000	70,470	175	In compliance
Grade 1	50,400	67,845	175	In compliance
Grade 2	50,400	67,845	175	In compliance
Grade 3	50,400	67,845	175	In compliance

See accompanying Notes to Supplementary Information.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2023**

	Second Period Report Unaudited		Audit Adjustments		Second Period Report Audited	
	Classroom Based	Total	Classroom Based	Total	Classroom Based	Total
FMSD						
Grades K-3	149.43	149.43	-	-	149.43	149.43
Grades 4-6	117.80	117.80	-	-	117.80	117.80
Grades 7-8	62.71	62.71	-	-	62.71	62.71
ADA Totals	329.94	329.94	-	-	329.94	329.94
Morgan Hill						
Grades TK/K-3	122.06	122.06	-	-	122.06	122.06
Grades 4-6	96.50	96.50	-	-	96.50	96.50
Grades 7-8	38.38	38.38	-	-	38.38	38.38
ADA Totals	256.94	256.94	-	-	256.94	256.94
Mt. Pleasant						
Grades TK/K-3	117.78	117.78	-	-	117.78	117.78
Grades 4-6	95.21	95.21	-	-	95.21	95.21
Grades 7-8	39.40	39.40	-	-	39.40	39.40
ADA Totals	252.39	252.39	-	-	252.39	252.39
West Contra Costa						
Grades TK/K-3	150.13	150.42	-	(0.29)	150.13	150.13
Grades 4-6	63.06	63.10	-	(0.04)	63.06	63.06
ADA Totals	213.19	213.52	-	(0.33)	213.19	213.19
Stockton						
Grades TK/K-3	86.33	86.33	-	-	86.33	86.33
ADA Totals	86.33	86.33	-	-	86.33	86.33
Total:						
Grades TK/K-3	625.73	626.02	-	(0.29)	625.73	625.73
Grades 4-6	372.57	372.61	-	(0.04)	372.57	372.57
Grades 7-8	140.49	140.49	-	-	140.49	140.49
ADA Totals	1,138.79	1,139.12	-	(0.33)	1,138.79	1,138.79

	Annual Report		Audit Adjustments		Annual Report Audited	
	Classroom Based	Total	Classroom Based	Total	Classroom Based	Total
FMSD						
Grades K-3	148.86	148.86	-	-	148.86	148.86
Grades 4-6	117.89	117.89	-	-	117.89	117.89
Grades 7-8	62.63	62.63	-	-	62.63	62.63
ADA Totals	329.38	329.38	-	-	329.38	329.38
Morgan Hill						
Grades TK/K-3	122.18	122.29	-	-	122.18	122.29
Grades 4-6	95.91	95.97	-	-	95.91	95.97
Grades 7-8	37.89	38.30	-	-	37.89	38.30
ADA Totals	255.98	256.56	-	-	255.98	256.56
Mt. Pleasant						
Grades TK/K-3	116.15	116.15	-	-	116.15	116.15
Grades 4-6	94.60	94.89	-	-	94.60	94.89
Grades 7-8	40.25	40.54	-	-	40.25	40.54
ADA Totals	251.00	251.58	-	-	251.00	251.58
West Contra Costa						
Grades TK/K-3	149.12	149.33	-	(0.21)	149.12	149.12
Grades 4-6	62.42	62.45	-	(0.03)	62.42	62.42
ADA Totals	211.54	211.78	-	(0.24)	211.54	211.54
Stockton						
Grades TK/K-3	85.93	85.93	-	-	85.93	85.93
ADA Totals	85.93	85.93	-	-	85.93	85.93
Total:						
Grades TK/K-3	622.24	622.56	-	(0.21)	622.24	622.35
Grades 4-6	370.82	371.20	-	(0.03)	370.82	371.17
Grades 7-8	140.77	141.47	-	-	140.77	141.47
ADA Totals	1,133.83	1,135.23	-	(0.24)	1,133.83	1,134.99

See accompanying Notes to Supplementary Information.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

	FMSD	Morgan Hill	Mt. Pleasant	West Contra Costa	Stockton
June 30, 2023 Annual Financial Report Fund Balances (Net Assets)	\$ 3,798,342	\$ 3,498,930	\$ 1,004,388	\$ 2,170,227	\$ 202,007
Adjustments and Reclassifications:					
Increase (Decrease) of Fund Balance (Net Assets):					
Accounts Receivable - Federal and State	-	-	-	(1,432)	11,275
Right to Use Asset, Net	-	-	-	(218,198)	-
Accounts Payable and Accrued Liabilities	(92,046)	(97,555)	30,730	(54,910)	(27,728)
Deferred Revenue	92,049	97,552	(30,733)	56,341	(13,032)
Deferred Rent	-	-	-	261,826	29,483
Net Adjustments and Reclassifications	<u>3</u>	<u>(3)</u>	<u>(3)</u>	<u>43,627</u>	<u>(2)</u>
June 30, 2023 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 3,798,345</u>	<u>\$ 3,498,927</u>	<u>\$ 1,004,385</u>	<u>\$ 2,213,854</u>	<u>\$ 202,005</u>

See accompanying Notes to Supplementary Information.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	CMO	FMSD	Morgan Hill	Mt. Pleasant	West Contra Costa	Stockton	Total
U.S. Department of Education									
Pass-Through Program from California									
Department of Education:									
Every Student Succeeds Act:									
Title I, Part A, Basic Grants:									
Low-Income and Neglected	84.010	14329	\$ -	\$ 123,520	\$ 116,040	\$ 94,543	\$ 76,899	\$ 22,080	\$ 433,082
Title II, Improving Teacher Quality	84.367	14341	-	16,027	16,460	13,419	9,779	3,444	59,129
Title III, Limited English Proficiency	84.365	14346	-	24,563	31,528	24,344	18,491	4,390	103,316
Title IV, Student Support and Academic Enrichment	84.424	15396	-	10,000	10,000	10,000	10,000	10,000	50,000
Special Education Cluster	84.027	13379	-	58,378	55,366	42,684	30,565	8,704	195,697
Public Charter Schools Grant Program	84.282M	N/A	18,754	-	-	-	-	-	18,754
Coronavirus Aid, Relief, and Economic Security Act (CARES Act):									
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	-	210,250	166,967	39,916	204,154	9,681	630,968
<i>Total U.S. Department of Education</i>			18,754	442,738	396,361	224,906	349,888	58,299	1,490,946
U.S. Department of Agriculture									
Pass-Through Program from California									
Department of Education:									
Child Nutrition Cluster	10.555	13396	-	92,000	76,858	89,000	60,501	28,288	346,647
<i>Total U.S. Department of Agriculture</i>			-	92,000	76,858	89,000	60,501	28,288	346,647
Total Federal Expenditures			\$ 18,754	\$ 534,738	\$ 473,219	\$ 313,906	\$ 410,389	\$ 86,587	\$ 1,837,593

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

See accompanying Notes to Supplementary Information.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by the Academies and whether the Academies 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 Academies. 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 Academies under programs of the federal governmental for the year ended June 30, 2023. 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 Academies, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Academies.

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 for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 5 INDIRECT COST RATE

The Academies has elected to use a rate other than the 10-percent de minimus 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
Voices College-Bound Language Academies
San Jose, 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 Voices College-Bound Language Academies (the Academies), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the consolidated financial statements, and have issued our report thereon dated December 29, 2023.

Report on Internal Control Over Financial Reporting

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

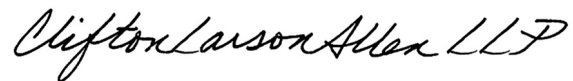
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academies' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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 Academies' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academies' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Glendora, California
December 29, 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
Voices College-Bound Language Academies
San Jose, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Voices College-Bound Language Academies' 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 Voices College-Bound Language Academies' major federal programs for the year ended June 30, 2023. Voices College-Bound Language Academies' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Voices College-Bound Language Academies complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on 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 Voices College-Bound Language Academies 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 Voices College-Bound Language Academies' 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 Voices College-Bound Language Academies' 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 Voices College-Bound Language Academies' 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 Voices College-Bound Language Academies' 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 Voices College-Bound Language Academies' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Voices College-Bound Language Academies' 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 Voices College-Bound Language Academies' 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
December 29, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE

Board of Directors
Voices College-Bound Language Academies
San Jose, California

Report on Compliance

Opinion on State Compliance

We have audited Voices College-Bound Language Academies' (the Academies) compliance with the types of compliance requirements applicable to the Academies described in the *2022-2023 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, 2023. The Academies' applicable State compliance requirements are identified in the table below.

In our opinion, the Academies complied, in all material respects, with the compliance requirements referred to above that are applicable to the Academies for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *2022-2023 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 *2022-2023 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 Academies 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 Academies' 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 Academies' government programs.

Auditors' Responsibility 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 Academies' 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 *2022-2023 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 Academies' compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *2022-2023 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 Academies' 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 Academies' 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 *2022-2023 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 Academies' 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 Academies' compliance with the laws and regulations applicable to the following items:

Board of Directors
Voices College-Bound Language Academies

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable ¹
After/Before School Education and Safety Program	Not Applicable ²
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable ³
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant (CTEIG)	Not Applicable ⁴
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable ⁵
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Not Applicable¹: The Academies did not have any expenditures for California Clean Energy Jobs Act in the year under audit or a completed project between 12 and 15 months prior to any month in the audit year.

Not Applicable²: The Academies did not operate an after or before Academies program component of this grant.

Not Applicable³: The Academies did not report ADA pursuant to Education Code section 51749.5.

Not Applicable⁴: The Academies did not receive a CTEIG allocation for the audit year.

Not Applicable⁵: The Academies did not report more than 20% of its ADA as generated through nonclassroom-based instruction (independent study).

Other Matters

The results of our audit procedures disclosed instances of noncompliance, which are required to be reported in accordance with *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001 and 2023-002. Our opinion on each state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Academies' response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Academies' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the entity's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. the entity's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 29, 2023

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number(s)

84.027
84.425

Name of Federal Program or Cluster

Special Education Cluster
COVID-19 Elementary and Secondary
School Emergency Relief (ESSER) Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes _____ x _____ no

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

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).

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

State Compliance Findings

2023-001 Transitional Kindergarten 40000

**Voices College-Bound Language Academy at Morgan Hill #1716
Voices College-Bound Language Academy at Mt. Pleasant #1743
Voices College-Bound Language Academy at Stockton #2077**

Criteria: Per California Education Code section 48000(g)(1), charter schools must maintain average transitional kindergarten class enrollment of not more than 24 pupils for each school site.

Condition: During transitional kindergarten testing we noted Morgan Hill, Mt. Pleasant and Stockton did not meet the transitional kindergarten class enrollment of not more than 24 pupils for each school site.

Effect: Morgan Hill, Mt. Pleasant and Stockton are not in compliance with California Education Code requirements, which resulted in the following penalties:

Average Class Enrollment - Penalty Calculations			
	Morgan Hill	Mt. Pleasant	Stockton
TK ADA per P2	2.5	4.69	6.29
Penalty Rate	\$ 953.00	\$ 953.00	\$ 953.00
Questioned Costs	\$ 2,382.50	\$ 4,469.57	\$ 5,994.37

Questioned Costs: See penalty calculations in the “effect” section above.

Repeat Finding: This is not a repeat finding.

Recommendation: To ensure compliance, Voices College-Bound Language Academies should implement an internal control procedure to monitor TK/K enrollment.

Corrective Action: To ensure compliance with TK requirements, we have changed enrollment, staff recruitment, and in-hours staff development practices along with generally created space for at least one dedicated TK classroom at each school. We have also implemented a monthly process to check our TK classroom enrollment and student-teacher ratio. The updates will enable us to maintain the required classroom size and adult-to-pupil ratios. In addition, we have revised our internal controls for more frequent audits of teacher-to-student ratios and a classroom size requirement of twenty-four.

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

2023-002	<u>Independent Study</u>	40000
Voices College-Bound Language Academy at West Contra Costa #1906		
Criteria:	Written agreements were obtained and contained all the elements required by Education Code section 51747(c)	
Condition:	We noted that of the 2 samples that were required to be tested for West Contra Costa, we noted exceptions for both samples that had no signed agreements.	
Cause:	The charter school did not have signed agreements for students participating in independent study.	
Questioned Costs:	The ADA impact is 0.33 resulting in a decrease in apportionment of \$3,847.	
Repeat Finding:	This is not a repeat finding.	
Corrective Action:	The Academies has implemented a monitoring system to ensure all agreements are completed accurately and all signatures obtained prior to claiming independent study ADA.	

**VOICES COLLEGE-BOUND LANGUAGE ACADEMIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

There were no findings in the prior year.



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