

ICEF PUBLIC SCHOOLS
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED JUNE 30, 2017)

OPERATING:

ICEF Innovation Los Angeles Charter (IILA)
ICEF Inglewood Elementary Charter Academy (IES)
ICEF Inglewood Middle Charter Academy (IIMS)
ICEF Vista Elementary School (IVES)
ICEF Vista Middle School (IVMS)
ICEF Lou Dantzler Preparatory (ILDLP)
ICEF View Park Preparatory Charter Elementary School (VPES)
ICEF View Park Preparatory Middle School (VPMS)
ICEF View Park Preparatory High School (VPHS)

CONSOLIDATED WITH:

Inner City Education Family

**ICEF PUBLIC SCHOOLS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
ICEF Public Schools
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of ICEF Public Schools (ICEF), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2018, 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 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. 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 ICEF as of June 30, 2018, 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 ICEF'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 supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statement. 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 ICEF Public Schools' 2017 consolidated financial statements, and we expressed an unmodified opinion on those statements in our report dated November 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited 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 17, 2018 on our consideration of ICEF'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 ICEF'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 ICEF's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
December 17, 2018

ICEF PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

ASSETS	<u>ICEF</u>	<u>Family</u>	<u>Eliminations</u>	<u>Total 2018</u>	<u>Total 2017</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 8,538,303	\$ 1,304,513	\$ -	\$ 9,842,816	\$ 9,203,383
Cash - Debt Service Coverage Reserve Fund	360,000	-	-	360,000	360,000
Accounts Receivable	6,440,611	40,774	(2,330,348)	4,151,037	7,192,064
Prepaid Expenses and Other Assets	313,536	-	-	313,536	536,073
Total Current Assets	<u>15,652,450</u>	<u>1,345,287</u>	<u>(2,330,348)</u>	<u>14,667,389</u>	<u>17,291,520</u>
LONG-TERM ASSETS					
Prepaid Expenses and Other Assets	-	217,625	-	217,625	200,016
Property, Plant, and Equipment, Net	10,679,896	28,117,835	-	38,797,731	38,104,152
Total Long-Term Assets	<u>10,679,896</u>	<u>28,335,460</u>	<u>-</u>	<u>39,015,356</u>	<u>38,304,168</u>
Total Assets	<u>\$ 26,332,346</u>	<u>\$ 29,680,747</u>	<u>\$ (2,330,348)</u>	<u>\$ 53,682,745</u>	<u>\$ 55,595,688</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 2,698,087	2,330,348	\$ (2,330,348)	\$ 2,698,087	\$ 4,782,989
Deferred Revenue	-	-	-	-	66,661
Long-Term Debt, Current Portion	112,000	340,000	-	452,000	1,920,850
Total Current Liabilities	<u>2,810,087</u>	<u>2,670,348</u>	<u>(2,330,348)</u>	<u>3,150,087</u>	<u>6,770,500</u>
LONG-TERM LIABILITIES					
Long-Term Debt	3,360,203	27,452,217	-	30,812,420	29,732,222
Total Long-Term Liabilities	<u>3,360,203</u>	<u>27,452,217</u>	<u>-</u>	<u>30,812,420</u>	<u>29,732,222</u>
NET ASSETS					
Unrestricted Net Assets	20,162,056	(441,818)	-	19,720,238	19,092,966
Total Net Assets	<u>20,162,056</u>	<u>(441,818)</u>	<u>-</u>	<u>19,720,238</u>	<u>19,092,966</u>
Total Liabilities and Net Assets	<u>\$ 26,332,346</u>	<u>\$ 29,680,747</u>	<u>\$ (2,330,348)</u>	<u>\$ 53,682,745</u>	<u>\$ 55,595,688</u>

See accompanying Notes to Consolidated Financial Statements.

ICEF PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>ICEF</u>	<u>Family</u>	<u>Eliminations</u>	<u>Total 2018</u>	<u>Total 2017</u>
UNRESTRICTED NET ASSETS:					
REVENUES					
State Revenue:					
State Aid	\$ 22,632,773	\$ -	\$ -	\$ 22,632,773	\$ 23,973,602
Other State Revenue	6,756,972	-	-	6,756,972	6,103,368
Federal Revenue:					
Grants and Entitlements	3,879,481	-	-	3,879,481	4,134,168
Local Revenue:					
In-Lieu Property Tax Revenue	7,015,812	-	-	7,015,812	6,588,018
Contributions	1,273,358	-	-	1,273,358	1,512,021
Other Revenue	2,385,106	2,555,950	(2,546,118)	2,394,938	4,118,702
Total Revenues, Net	<u>43,943,502</u>	<u>2,555,950</u>	<u>(2,546,118)</u>	<u>43,953,334</u>	<u>46,429,879</u>
EXPENSES					
Program Services	33,871,147	2,579,832	(2,546,118)	33,904,861	38,250,615
Management and General	9,319,578			9,319,578	7,038,682
Fundraising	101,623	-	-	101,623	65,984
Total Expenses	<u>43,292,348</u>	<u>2,579,832</u>	<u>(2,546,118)</u>	<u>43,326,062</u>	<u>45,355,281</u>
CHANGE IN UNRESTRICTED NET ASSETS	651,154	(23,882)	-	627,272	1,074,598
Unrestricted Net Assets - Beginning of Year	<u>19,510,902</u>	<u>(417,936)</u>	<u>-</u>	<u>19,092,966</u>	<u>18,018,368</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 20,162,056</u>	<u>\$ (441,818)</u>	<u>\$ -</u>	<u>\$ 19,720,238</u>	<u>\$ 19,092,966</u>

See accompanying Notes to Consolidated Financial Statements.

ICEF PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	ICEF	Family	Total 2018	Total 2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ 651,154	\$ (23,882)	\$ 627,272	\$ 1,074,598
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	467,278	588,232	1,055,510	867,424
Amortization of Bond Costs	-	48,554	48,554	48,552
Loss on Disposal Transfer of Assets	-	-	-	16,482
(Increase) Decrease in Assets:				
Accounts Receivable	520,640	2,466,603	2,987,243	308,944
Prepaid Expenses and Other Assets	222,537	(17,609)	204,928	(99,952)
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	422,475	(2,453,593)	(2,031,118)	(2,061,436)
Deferred Revenue	(66,661)	-	(66,661)	(59,694)
Net Cash Provided by Operating Activities	<u>2,217,423</u>	<u>608,305</u>	<u>2,825,728</u>	<u>94,918</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property, Plant, and Equipment	<u>(1,558,433)</u>	<u>(190,656)</u>	<u>(1,749,089)</u>	<u>(2,540,587)</u>
Net Cash Used by Investing Activities	<u>(1,558,433)</u>	<u>(190,656)</u>	<u>(1,749,089)</u>	<u>(2,540,587)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Debt	-	-	-	1,500,000
Repayments of Debt	<u>(122,206)</u>	<u>(315,000)</u>	<u>(437,206)</u>	<u>(395,302)</u>
Net Cash Provided (Used) by Financing Activities	<u>(122,206)</u>	<u>(315,000)</u>	<u>(437,206)</u>	<u>1,104,698</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	536,784	102,649	639,433	(1,340,971)
Cash and Cash Equivalents - Beginning of Year	<u>8,361,519</u>	<u>1,201,864</u>	<u>9,563,383</u>	<u>10,904,354</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 8,898,303</u></u>	<u><u>\$ 1,304,513</u></u>	<u><u>\$ 10,202,816</u></u>	<u><u>\$ 9,563,383</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid for Interest	<u><u>\$ 8,222</u></u>	<u><u>\$ 1,913,214</u></u>	<u><u>\$ 1,921,436</u></u>	<u><u>\$ 1,988,116</u></u>

See accompanying Notes to Consolidated Financial Statements.

ICEF PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	Program Services	Management and General	Fundraising	2018 Total	2017 Total
ICEF EXPENSES					
Salaries and Wages	\$ 16,259,276	\$ 2,835,239	\$ -	\$ 19,094,515	\$ 19,235,840
Pension Expense	2,236,979	301,551	-	2,538,530	2,232,960
Other Employee Benefits	1,782,737	433,455	-	2,216,192	2,226,053
Payroll Taxes	727,036	160,450	-	887,486	956,206
Legal Expenses	-	188,444	-	188,444	371,155
Accounting Expenses	-	500,000	-	500,000	500,000
Instructional Materials	1,300,485	-	-	1,300,485	5,709,835
Other Fees for Services	4,914,230	904,764	101,623	5,920,617	45,441
Advertising and Promotion Expenses	-	46,474	-	46,474	715,985
Office Expenses	-	511,767	-	511,767	2,343,052
Occupancy Expenses	3,636,162	330,376	-	3,966,538	4,057,002
Travel Expenses	395,992	81,771	-	477,763	517,446
Conference and Meeting Expenses	23,221	40,515	-	63,736	163,294
Interest Expense	-	8,222	-	8,222	7,985
Depreciation Expense	182,111	285,167	-	467,278	327,744
Insurance Expense	-	224,733	-	224,733	231,225
Other Expenses	2,412,918	2,466,650	-	4,879,568	5,601,632
Total ICEF 2018 Expenses	<u>33,871,147</u>	<u>9,319,578</u>	<u>101,623</u>	<u>43,292,348</u>	
Total ICEF 2017 Expenses	38,138,189	7,038,682	65,984		45,242,855
FAMILY EXPENSES					
Legal Expenses	2,900	-	-	2,900	10,780
Other Fees for Services	-	-	-	-	9,206
Office Expenses	-	-	-	-	10,085
Occupancy Expenses	-	-	-	-	14,713
Interest Expense	1,913,214	-	-	1,913,214	1,988,116
Depreciation Expense	636,786	-	-	636,786	588,232
Insurance Expense	4,934	-	-	4,934	4,839
Other Expenses	21,998	-	-	21,998	6,073
Total Family 2018 Expenses	<u>2,579,832</u>	<u>-</u>	<u>-</u>	<u>2,579,832</u>	
Total Family 2017 Expenses	2,579,832	-	-		2,632,044
ELIMINATIONS					
	<u>(2,546,118)</u>	<u>-</u>	<u>-</u>	<u>(2,546,118)</u>	<u>(2,519,618)</u>
Total 2018 Expenses	<u>\$ 33,904,861</u>	<u>\$ 9,319,578</u>	<u>\$ 101,623</u>	<u>\$ 43,326,062</u>	
Total 2017 Expenses	<u>\$ 38,250,615</u>	<u>\$ 7,038,682</u>	<u>\$ 65,984</u>		<u>\$ 45,355,281</u>

See accompanying Notes to Consolidated Financial Statements.

**ICEF PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 NATURE OF ACTIVITIES

ICEF Public Schools (ICEF) is a California 501(c)(3) nonprofit corporation that is the legal entity with all legal and fiduciary responsibilities for all the schools and their educational programs. ICEF provides financial support, management, and administrative services to each of its charter schools and their enrichment programs.

ICEF was founded in 1999 to transform inner-city neighborhoods by providing alternative first-rate educational opportunities for at-risk youth of color in South Los Angeles. ICEF includes nine schools educating students in grades K through 12. Serving more than 3,400 students, ICEF schools (ICEF) are located in a neighborhood with the low performing traditional public schools in Los Angeles. The performance of ICEF is well above the performance of the neighboring district schools – schools ICEF students would have attended were it not for the ICEF option.

ICEF is committed to promoting the value of education as the major tool for economic self-sufficiency to build strong, sustainable communities and thereby transform inner-city neighborhoods. Each school operates a rigorous, relevant, and coherent standards-based curriculum with the goal “to prepare all students to attend and compete at the top 100 colleges and universities in the nation.” In addition to starting and operating charter schools, ICEF offers afterschool activities such as arts, music, dance, athletics, counseling, tutoring, and enrichment programs.

On December 28, 2012, a separate legal entity was formed named the Inner City Education Family (Family). Family has a separate operating board and was created for the purpose of supporting and providing facilities for ICEF. On June 27, 2014, the Family received its 501(c)(3) designation and began operations. The purpose of this entity is to: (1) to raise funds to be used to further the educational pursuits for ICEF and other charter schools; (2) to acquire, hold, develop, and lease educational and other related educational facilities for ICEF and other educational endeavors; and (3) to promote the development of arts, athletics, and academics in ICEF and other deserving charter schools.

Due to the symbiotic nature of both Family and ICEF, they are considered to be related entities for audit purposes. The organizations have shared management and leadership, and are consolidated due to common control. As a result, the financial activities of both, while outlined separately, are consolidated within the audited financial statements of ICEF.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

ICEF 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.

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.

**ICEF PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Functional Allocation of Expenses

Costs of providing ICEF's programs and other activities have been presented in the statements 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.

Basis of Presentation

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

Net Asset Classes

ICEF is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets of ICEF consist of the following:

Unrestricted

All resources over which the governing board has discretionary control to use in carrying on the general operations of ICEF.

Temporarily Restricted

These net assets are restricted by donors to be used for specific purposes. ICEF does not currently have any temporarily restricted net assets.

Permanently Restricted

These net assets are permanently restricted by donors and cannot be used by ICEF. ICEF does not currently have any permanently restricted net assets.

Receivables

Accounts receivable represent amounts due from private persons, firms, or corporations based on contractual agreements or amounts billed but not received as of June 30, 2018. Accounts receivable primarily consists of funds due from federal and state governments as of June 30, 2018. Management believes that all receivables are fully collectible; therefore no provisions for uncollectible accounts were recorded.

**ICEF PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. ICEF capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000.

Comparative Totals

The 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 ICEF's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

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 ICEF schools 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.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of ICEF. The current portion of the liability, if material, is recognized at year-end. The entire compensated absences liability is reported on the statement of financial position. Employees of ICEF are paid for days or hours worked based upon board-approved schedules that include vacation.

Revenue Recognition

Amounts received from the California Department of Education are recognized as revenue by ICEF based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

**ICEF PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as temporarily restricted. Restricted contributions that are received and released in the same period are reported as unrestricted promises to give. 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 market 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.

Income Taxes

ICEF 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. ICEF files informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Reclassifications

Certain reclassifications have been made to the 2017 financial information to conform to the 2018 presentation.

Principles of Consolidation

The consolidated financial statements include the accounts of ICEF and a related party, Inner City Education Family (Family), a California nonprofit public benefit corporation formed to provide support to ICEF Public Schools, and its subsidiaries, Slauson and Kenniston, LLC, Crenshaw and Slauson, LLC, and 52nd and Crenshaw, LLC, single member limited liability companies. All material intercompany transactions have been eliminated (Eliminations). As a part of its mission, the Inner City Education Family has created several limited liability companies that own real estate for educational purposes. Family is the sole member of these LLC's. They lease these facilities to ICEF Public Schools, a dba: of ICEF, for use by the schools. Since this support is closely aligned with ICEF and they are financially inter-related, the Family financial information is consolidated with the ICEF audit. This consolidation is required due to common control with shared leadership and management. For disclosure purposes, the financial information of the two entities are separated within the report as a matter of clarification.

Evaluation of Subsequent Events

ICEF has evaluated subsequent events through December 17, 2018, the date these financial statements were available to be issued.

**ICEF PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 CONCENTRATION OF CREDIT RISK

ICEF 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. ICEF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 PROPERTY PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following:

	<u>ICEF</u>	<u>Family</u>	<u>Total</u>
Building and Improvements	\$ 6,849,452	\$ 29,492,217	\$ 36,341,669
Computers and Equipment	4,579,314	-	4,579,314
Other and Construction in Progress	2,460,947	190,656	2,651,603
Total	<u>13,889,713</u>	<u>29,682,873</u>	<u>43,572,586</u>
Less: Accumulated Depreciation and Amortization	<u>(3,209,817)</u>	<u>(1,565,038)</u>	<u>(4,774,855)</u>
Total Property, Plant, and Equipment	<u>\$ 10,679,896</u>	<u>\$ 28,117,835</u>	<u>\$ 38,797,731</u>

Depreciation expense was \$1,055,510 for the year ended June 30, 2018.

NOTE 5 BOND COSTS

ICEF has adopted the accounting guidance in FASB Accounting Standards Update (ASU) No. 2015-03, *Interest—Imputation of Interest* (Subtopic 835-30): *Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires organizations to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. The effect of adopting the new standard decreased the debt issuance costs asset to zero and decreased the debt liability by \$1,482,783 as of June 30, 2018. The adoption of the standard had no effect on previously reported net assets/equity. The ASU is retrospectively applied.

Certain costs of VPHS facility bond issuance held by Slauson and Crenshaw, LLC, totaling \$782,512 (see Note 6), have capitalized and are being amortized over 35 years (the life of the bonds). Current amortization expense for the year ended June 30, 2018 was \$22,358.

Certain costs of VPES and VPMS facility bond issuance held by 52nd and Crenshaw, LLC, totaling \$916,840 (see Note 6), have capitalized and are being amortized over 35 years (the life of the bonds). Current amortization expense for the year ended June 30, 2018 was \$26,195.

**ICEF PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 LINE OF CREDIT

ICEF has a revolving line of credit with Pacific Western Bank for operating purposes. The interest rate on this line of credit is variable at an index rate (initially 4%) plus 0.5%. There was a balance of \$1,750,000 as of June 30, 2018.

NOTE 7 LONG-TERM DEBT

The long-term debt is comprised of the following:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Loan payable to a trust, including interest of 3% annually. The loan matures when ICEF gives 60 days written notice.	\$ -	\$ 266,165
A loan from Pacific Western Bank for operating purposes. The terms of the loan call for a balloon payment in on September, 2021. The interest rate on this loan currently 5%. This is an unsecured real estate loan. These proceeds from this loan were used to pay off a previously real estate secured loan from Broadway Federal. The loan provides for a partial amortization of the debt and a lower interest rate than was experienced with the Broadway Federal loan.	1,722,203	1,828,244
In October 2014, ICEF Family entered into a bond financing agreement for the total proceeds of \$19,810,000. These proceeds were used to finance the acquisition, construction and equipping of the facilities in which the VPES and VPMS will be located. The bonds are divided into \$19,410,000 Series 2014A and \$400,000 Series 2014B Bonds. Interest is payable semi-annually at a coupon rate of 4.75% to 6.00%. The Series A Bonds mature beginning October 2024 and the Series 2014B Bonds mature October 2017. Both Series 2014A and 2014B Bonds are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment fund established in 2017 and 2016, respectively.	19,375,000	19,600,000

**ICEF PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2018</u>	<u>2017</u>
In October 2013, ICEF (transferred to Family on June 30, 2014) completed a bond financing in the amount of \$10.225 million (the Series 2013 Bonds), proceeds from which were used to refinance the acquisition, renovation and equipment of the existing facilities of VPHS. Interest is paid semi-annually at a coupon rate of 6.85% to 7.75%. The Series 2013 Bonds are divided into \$9.88 million Series 2013A Bonds and \$345,000 million Series 2013B Bonds (taxable). The Series 2013A Bonds mature beginning October 2033 and the Series 2013B Bonds mature October 2018. Both Series 2013A and Series 2013B are subject to mandatory redemptions prior to their stated maturity by a Sinking Accounts Payment fund established in 2018 and 2014 respectively.	\$ 9,900,000	\$ 9,990,000
Total	<u>\$ 30,997,203</u>	<u>\$ 31,684,409</u>

The long-term debt repayment by year is as follows:

<u>Year Ending June 30,</u>	<u>ICEF</u>	<u>Family Bonds</u>	<u>Total</u>
2019	\$ 112,000	\$ 340,000	\$ 452,000
2020	118,072	355,000	473,072
2021	125,063	375,000	500,063
2022	1,367,068	395,000	1,762,068
2023	-	415,000	415,000
Thereafter	-	27,395,000	27,395,000
Subtotal	<u>1,722,203</u>	<u>29,275,000</u>	<u>30,997,203</u>
Bond Costs	-	(1,482,783)	(1,482,783)
Total	<u>\$ 1,722,203</u>	<u>\$ 27,792,217</u>	<u>\$ 29,514,420</u>

NOTE 8 EMPLOYEE RETIREMENT

Multi-Employer Defined Benefit Pension Plans

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

**ICEF PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS)

Plan Description

ICEF contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2017, total STRS plan net assets are \$210 billion, the total actuarial present value of accumulated plan benefits is \$362 billion, contributions from all employers totaled \$4.2 billion, and the plan is 62.6% funded. ICEF 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 9.205% of their salary. ICEF 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. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020-21. The required employer contribution rate for the year ended June 30, 2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

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

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2016	\$ 1,127,222	100 %
2017	1,448,454	100
2018	1,708,010	100

**ICEF PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 EMPLOYEE RETIREMENT (CONTINUED)

Public Employees' Retirement System (PERS)

Plan Description

ICEF contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2017, the School Employer Pool total plan assets are \$61 billion, the total pension liability is \$84.9 billion, contributions from all employers totaled \$1.8 billion, and the plan is 72.1% funded. ICEF did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814, and www.calpers.ca.gov.

Funding Policy

Active plan members are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 6.0% of their salary. ICEF is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2018 was 15.531%. The contribution requirements of the plan members are established and may be amended by State statute.

ICEF's contributions to PERS for each of the last three years are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2016	\$ 482,698	100 %
2017	627,927	100
2018	627,927	100

Defined Contribution Plan

ICEF offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. Employer and employee contributions are used to purchase annuity contracts for each participant employee. Employer matching contributions are made at the rate equal to 100% of the first 7% of elective deferrals for each employee who is eligible for employer contributions. Additionally, the employer may elect to make a discretionary contribution for each qualifying employee for each plan year. The amount of employer contributions used to purchase annuity contracts for the year ended June 30, 2018 was \$135,624.

**ICEF PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 OPERATING LEASES:

ICEF leases various facilities under several lease agreements with staggered terms. Lease expense under these agreements for the year ended June 30, 2018 was \$3,572,148, of which \$2,519,618 was rent paid from ICEF to Family. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Unrelated</u>	<u>Family</u>	<u>Total</u>
2019	\$ 1,302,298	\$ 2,314,301	\$ 3,616,599
2020	836,298	2,303,393	3,139,691
2021	334,556	2,274,305	2,608,861
2022	283,227	2,274,305	2,557,532
2023	291,719	2,274,305	2,566,024
Thereafter	892,745	57,889,440	58,782,185
Subtotal	<u>\$ 3,940,843</u>	<u>\$ 69,330,049</u>	<u>\$ 73,270,892</u>

NOTE 10 CONTINGENCIES

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

SUPPLEMENTARY INFORMATION

**ICEF PUBLIC SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2018**

ICEF Public Schools currently operates nine charter schools in South Los Angeles. ICEF Public Schools charter schools are as follows:

- ICEF Innovate Los Angeles Charter (founded 2008) - Charter #1037
- ICEF Inglewood Elementary Charter Academy (founded 2009) - Charter #1121
- ICEF Inglewood Middle Charter Academy (founded 2009) - Charter #1122
- ICEF Vista Academy Elementary School (founded 2008) - Charter #1039
- ICEF Vista Academy Middle School (founded 2008) - Charter #0953
- ICEF Lou Dantzer Preparatory (founded 2008) - Charter #1038
- ICEF View Park Preparatory Charter Elementary School (founded 1999) - Charter #0190
- ICEF View Park Preparatory Middle School (founded 2002) - Charter #0506
- ICEF View Park Preparatory High School (founded 2003) - Charter #0543

The board of directors and the administrators as of the year ended June 30, 2018 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (3 year term)</u>
David G. Moore	Board Chairman	2019
Tom Strickler	Board Secretary	2019
William "Boutie" Lucas	Member	2019
Brandon Roberson	Member	2021
Angila Romious	Member	2020
Tramell Johnson	Member	2021
Kenneth Christmas	Member	2019

ADMINISTRATORS

Parker Hudnut	CEO
Ryan Gomez	CSO
James Waller	VP of Secondary Student Achievement
Shuron Owens-Lincoln	Senior Director of Instruction

**ICEF PUBLIC SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2018**

	Instructional Minutes		Traditional Instructional	Status
	Requirement	Actual	Days	
ICEF Innovation Los Angeles Charter:				
Kindergarten	36,000	64,470	183	In compliance
Grade 1	50,400	60,810	183	In compliance
Grade 2	50,400	60,810	183	In compliance
Grade 3	50,400	60,810	183	In compliance
Grade 4	54,000	60,810	183	In compliance
Grade 5	54,000	60,810	183	In compliance
ICEF Inglewood Elementary Charter Academy:				
Kindergarten	36,000	62,455	185	In compliance
Grade 1	50,400	58,755	185	In compliance
Grade 2	50,400	60,605	185	In compliance
Grade 3	50,400	58,755	185	In compliance
Grade 4	54,000	60,605	185	In compliance
Grade 5	54,000	60,605	185	In compliance
ICEF Inglewood Middle Charter Academy:				
Grade 6	54,000	54,854	185	In compliance
Grade 7	54,000	56,704	185	In compliance
Grade 8	54,000	56,509	185	In compliance
ICEF Vista Elementary Academy:				
Kindergarten	36,000	59,080	184	In compliance
Grade 1	50,400	54,620	184	In compliance
Grade 2	50,400	54,620	184	In compliance
Grade 3	50,400	75,440	184	In compliance
Grade 4	54,000	75,440	184	In compliance
Grade 5	54,000	75,440	184	In compliance
ICEF Vista Middle Academy:				
Grade 6	54,000	64,695	184	In compliance
Grade 7	54,000	64,890	184	In compliance
Grade 8	54,000	64,890	184	In compliance
ICEF Lou Dantzer Preparatory:				
Kindergarten	36,000	62,260	185	In compliance
Grade 1	50,400	58,560	185	In compliance
Grade 2	50,400	58,560	185	In compliance
Grade 3	50,400	58,560	185	In compliance
Grade 4	54,000	61,140	185	In compliance
Grade 5	54,000	61,140	185	In compliance
Grade 6	54,000	61,140	185	In compliance

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

**ICEF PUBLIC SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME (CONTINUED)
YEAR ENDED JUNE 30, 2018**

	Instructional Minutes		Traditional Instructional Days	Status
	Requirement	Actual		
View Park Preparatory Charter Elementary:				
Kindergarten	36,000	57,975	185	In compliance
Grade 1	50,400	54,275	185	In compliance
Grade 2	50,400	54,275	185	In compliance
Grade 3	50,400	54,275	185	In compliance
Grade 4	54,000	54,275	185	In compliance
Grade 5	54,000	54,275	185	In compliance
View Park Preparatory Middle School:				
Grade 6	54,000	58,220	185	In compliance
Grade 7	54,000	58,220	185	In compliance
Grade 8	54,000	58,220	185	In compliance
View Park Preparatory High School:				
Grade 9	64,800	66,010	185	In compliance
Grade 10	64,800	66,010	185	In compliance
Grade 11	64,800	66,010	185	In compliance
Grade 12	64,800	66,010	185	In compliance

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

**ICEF PUBLIC SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
ICEF Innovation Los Angeles Charter:				
Grades TK/K-3	126.54	126.54	126.35	126.35
Grades 4-6	62.26	62.26	61.52	61.52
ADA Totals	<u>188.80</u>	<u>188.80</u>	<u>187.87</u>	<u>187.87</u>
ICEF Inglewood Elementary Charter Academy:				
Grades TK/K-3	263.35	263.35	261.81	261.81
Grades 4-6	131.25	131.25	130.21	130.21
ADA Totals	<u>394.60</u>	<u>394.60</u>	<u>392.02</u>	<u>392.02</u>
ICEF Inglewood Middle Charter Academy:				
Grades 4-6	55.38	55.38	54.21	54.21
Grades 7-8	143.35	143.35	142.49	142.49
ADA Totals	<u>198.73</u>	<u>198.73</u>	<u>196.70</u>	<u>196.70</u>
ICEF Vista Elementary Academy:				
Grades TK/K-3	220.02	220.02	220.17	220.17
Grades 4-6	113.39	113.39	113.16	113.16
ADA Totals	<u>333.41</u>	<u>333.41</u>	<u>333.33</u>	<u>333.33</u>
ICEF Vista Middle Academy:				
Grades 4-6	56.09	56.09	55.65	55.65
Grades 7-8	141.32	141.32	140.88	140.88
ADA Totals	<u>197.41</u>	<u>197.41</u>	<u>196.53</u>	<u>196.53</u>
ICEF Lou Dantzer Preparatory:				
Grades TK/K-3	206.54	206.54	201.63	201.63
Grades 4-6	107.01	107.01	104.94	104.94
Grades 7-8	40.43	40.43	39.86	39.86
ADA Totals	<u>353.98</u>	<u>353.98</u>	<u>346.43</u>	<u>346.43</u>
View Park Preparatory Charter Elementary:				
Grades TK/K-3	301.17	301.17	298.28	298.28
Grades 4-6	149.68	149.68	147.38	147.38
ADA Totals	<u>450.85</u>	<u>450.85</u>	<u>445.66</u>	<u>445.66</u>
View Park Preparatory Middle School:				
Grades 4-6	85.06	85.06	85.00	85.00
Grades 7-8	261.00	261.00	260.77	260.77
ADA Totals	<u>346.06</u>	<u>346.06</u>	<u>345.77</u>	<u>345.77</u>
View Park Preparatory High School:				
Grades 9-12	566.92	566.92	561.34	561.34
ADA Totals	<u>566.92</u>	<u>566.92</u>	<u>561.34</u>	<u>561.34</u>

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

**ICEF PUBLIC SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

	ICEF Innovation Los Angeles Charter Charter Academy	ICEF Inglewood Elementary Charter Academy	ICEF Inglewood Middle Charter Academy	ICEF Vista Elementary Academy	ICEF Vista Middle Academy	ICEF Lou Dantzier Preparatory	View Park Preparatory Charter Elementary	View Park Preparatory Middle School	View Park Preparatory High School	Total
June 30, 2018 Annual Financial Report Fund Balances (Net Assets)	\$ 566,348	\$ 879,708	\$ 302,177	\$ 2,267,660	\$ 1,610,561	\$ 8,979,312	\$ 1,599,789	\$ 914,195	\$ 3,123,846	\$ 20,243,596
Adjustments and Reclassifications:										
Increase (Decrease) of Fund Balance (Net Assets):										
Cash and Cash Equivalents	-	-	-	-	-	-	-	(97)	-	(97)
Prepaid Expenses and Other Assets	(4,954)	-	-	-	-	(300)	-	(544,542)	-	(549,796)
Accounts Payable and Accrued Liabilities	4,948	4	435	-	(10,641)	1,032	-	544,644	-	540,422
Net Adjustments and Reclassifications	<u>(6)</u>	<u>4</u>	<u>435</u>	<u>-</u>	<u>(10,641)</u>	<u>732</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>(9,471)</u>
June 30, 2018 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 566,342</u>	<u>\$ 879,712</u>	<u>\$ 302,612</u>	<u>\$ 2,267,660</u>	<u>\$ 1,599,920</u>	<u>\$ 8,980,044</u>	<u>\$ 1,599,789</u>	<u>\$ 914,200</u>	<u>\$ 3,123,846</u>	<u>\$ 20,234,125</u>

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

**ICEF PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	ICEF Innovation Los Angeles Charter Charter	ICEF Inglewood Elementary Charter Academy	ICEF Inglewood Middle Charter Academy	ICEF Vista Elementary Academy	ICEF Vista Middle Academy	ICEF Lou Dantzler Preparatory	View Park Preparatory Charter Elementary	View Park Preparatory Middle School	View Park Preparatory High School	Total
U.S. Department of Education												
Pass-Through Program From												
California Department of Education:												
Title I, Part A, Basic Grants:												
Low-Income and Neglected	84.010	14329	\$ 98,850	\$ 184,324	\$ 102,666	\$ 174,559	\$ 119,037	\$ 178,806	\$ 223,966	\$ 172,041	\$ 234,082	\$1,488,331
Title II, Part A, Teacher Quality	84.367	14341	9,777	20,055	11,192	18,459	12,629	19,019	25,310	20,257	28,498	165,196
Title III, Limited English Proficiency	84.365	14346	-	10,560	2,158	18,968	6,115	-	-	-	-	37,801
Special Education, IDEA Basic	84.027	13379	36,725	60,480	38,353	64,855	38,400	68,856	87,699	67,316	110,277	572,961
<i>Total U.S. Department of Education</i>			<u>145,352</u>	<u>275,419</u>	<u>154,369</u>	<u>276,841</u>	<u>176,181</u>	<u>266,681</u>	<u>336,975</u>	<u>259,614</u>	<u>372,857</u>	<u>2,264,289</u>
U.S. Department of Agriculture												
Pass-Through Program From												
California Department of Education:												
Child Nutrition Programs	10.555	N/A	<u>123,432</u>	<u>249,885</u>	<u>140,519</u>	<u>219,373</u>	<u>146,248</u>	<u>343,440</u>	<u>192,837</u>	<u>115,161</u>	<u>84,297</u>	<u>1,615,192</u>
<i>Total U.S. Department of Agriculture</i>			<u>123,432</u>	<u>249,885</u>	<u>140,519</u>	<u>219,373</u>	<u>146,248</u>	<u>343,440</u>	<u>192,837</u>	<u>115,161</u>	<u>84,297</u>	<u>1,615,192</u>
Total Federal Expenditures			<u>\$ 268,784</u>	<u>\$ 525,304</u>	<u>\$ 294,888</u>	<u>\$ 496,214</u>	<u>\$ 322,429</u>	<u>\$ 610,121</u>	<u>\$ 529,812</u>	<u>\$ 374,775</u>	<u>\$ 457,154</u>	<u>\$3,879,481</u>

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

ICEF PUBLIC SCHOOLS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION BY LOCATION
JUNE 30, 2018

	ICEF Innovation Los Angeles Charter Charter	ICEF Inglewood Elementary Charter Academy	ICEF Inglewood Middle Charter Academy	ICEF Vista Elementary Academy	ICEF Vista Middle Academy	ICEF Lou Dantzler Preparatory	View Park Preparatory Charter Elementary	View Park Preparatory Middle School	View Park Preparatory High School	Management and General	Eliminations	2018 Consolidated	2017 Consolidated
ASSETS													
CURRENT ASSETS													
Cash and Cash Equivalents	\$ 341,911	\$ 435,535	\$ 180,693	\$ 1,919,590	\$ 1,365,479	\$ 2,120,147	\$ 107,373	\$ 448,597	\$ 1,545,382	\$ 73,596	\$ -	\$ 8,538,303	\$ 8,001,519
Cash - Debt Service Coverage Reserve Fund	-	-	-	-	-	-	-	-	360,000	-	-	360,000	360,000
Accounts Receivable	260,249	821,585	432,544	398,242	223,958	266,042	617,636	456,302	610,633	2,353,420	-	6,440,611	6,961,251
Intercompany Receivable	259	11,250	-	3,524	704	248	27,745	-	48	748,414	(792,192)	-	-
Prepaid Expenses and Other Assets	65,168	46,359	28,852	34,184	22,831	2,298	22,181	21,703	24,931	45,029	-	313,536	536,073
Total Current Assets	667,587	1,314,729	642,089	2,355,540	1,612,972	2,388,735	774,935	926,602	2,540,994	3,220,459	(792,192)	15,652,450	15,858,843
LONG-TERM ASSETS													
Property, Plant, and Equipment, Net	8,629	35,844	17,168	194,292	127,945	6,878,401	1,010,979	864,257	788,664	753,717	-	10,679,896	9,588,741
Total Long-Term Assets	8,629	35,844	17,168	194,292	127,945	6,878,401	1,010,979	864,257	788,664	753,717	-	10,679,896	9,588,741
Total Assets	\$ 676,216	\$ 1,350,573	\$ 659,257	\$ 2,549,832	\$ 1,740,917	\$ 9,267,136	\$ 1,785,914	\$ 1,790,859	\$ 3,329,658	\$ 3,974,176	\$ (792,192)	\$ 26,332,346	\$ 25,447,584
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES													
Accounts Payable and Accrued Liabilities	\$ 109,874	\$ 470,861	\$ 206,645	\$ 282,172	\$ 140,997	\$ 287,092	\$ 186,125	\$ 234,467	\$ 205,812	\$ 574,042	\$ -	\$ 2,698,087	\$ 2,275,612
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	-	66,661
Intercompany Payable	-	-	150,000	-	-	-	-	642,192	-	-	(792,192)	-	-
Long-Term Debt, Current Portion	-	-	-	-	-	-	-	-	-	112,000	-	112,000	1,605,850
Total Current Liabilities	109,874	470,861	356,645	282,172	140,997	287,092	186,125	876,659	205,812	686,042	(792,192)	2,810,087	3,948,123
LONG-TERM LIABILITIES													
Long-Term Debt	-	-	-	-	-	-	-	-	-	3,360,203	-	3,360,203	1,988,559
Total Long-Term Liabilities	-	-	-	-	-	-	-	-	-	3,360,203	-	3,360,203	1,988,559
NET ASSETS													
Unrestricted Net Assets	566,342	879,712	302,612	2,267,660	1,599,920	8,980,044	1,599,789	914,200	3,123,846	(72,069)	-	20,162,056	19,510,902
Total Net Assets	566,342	879,712	302,612	2,267,660	1,599,920	8,980,044	1,599,789	914,200	3,123,846	(72,069)	-	20,162,056	19,510,902
Total Liabilities and Net Assets	\$ 676,216	\$ 1,350,573	\$ 659,257	\$ 2,549,832	\$ 1,740,917	\$ 9,267,136	\$ 1,785,914	\$ 1,790,859	\$ 3,329,658	\$ 3,974,176	\$ (792,192)	\$ 26,332,346	\$ 25,447,584

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

**ICEF PUBLIC SCHOOLS
CONSOLIDATING SCHEDULE OF ACTIVITIES BY LOCATION
YEAR ENDED JUNE 30, 2018**

	ICEF Innovation Los Angeles Charter Charter	ICEF Inglewood Elementary Charter Academy	ICEF Inglewood Middle Charter Academy	ICEF Vista Elementary Academy	ICEF Vista Middle Academy	ICEF Lou Dantzler Preparatory	View Park Preparatory Charter Elementary	View Park Preparatory Middle School	View Park Preparatory High School	Management and General	2018 Consolidated	2017 Consolidated
UNRESTRICTED NET ASSETS:												
REVENUES												
State Revenue:												
State Aid	\$ 1,403,899	\$ 3,116,071	\$ 1,497,777	\$ 2,504,225	\$ 1,407,660	\$ 2,630,692	\$ 3,225,224	\$ 2,341,745	\$ 4,505,480	\$ -	\$ 22,632,773	\$ 23,973,602
Other State Revenue	460,917	736,229	521,457	637,579	498,098	582,983	1,130,336	915,569	1,273,804	-	6,756,972	6,103,368
Federal Revenue:												
Grants and Entitlements	268,784	525,304	294,888	496,214	322,429	610,121	529,812	374,775	457,154	-	3,879,481	4,134,168
Local Revenue:												
In-Lieu Property Tax Revenue	455,527	754,779	380,125	804,435	476,301	854,065	1,087,788	834,956	1,367,836	-	7,015,812	6,588,018
Contributions	21,261	55,931	9,247	82,786	-	25,890	44,840	42,301	139,316	851,786	1,273,358	1,496,730
Other Revenue	181,740	274,037	112,505	184,349	16,468	125,130	233,776	398,018	749,968	109,115	2,385,106	4,117,716
Total Revenues, Net	<u>2,792,128</u>	<u>5,462,351</u>	<u>2,815,999</u>	<u>4,709,588</u>	<u>2,720,956</u>	<u>4,828,881</u>	<u>6,251,776</u>	<u>4,907,364</u>	<u>8,493,558</u>	<u>960,901</u>	<u>43,943,502</u>	<u>46,413,602</u>
EXPENSES												
Program Services	2,240,653	4,293,487	2,178,965	3,673,217	2,015,451	3,827,599	4,963,612	3,936,691	6,465,227	276,245	33,871,147	38,138,189
Management and General	538,625	1,005,679	627,586	917,901	624,305	953,951	1,108,984	945,261	1,494,340	1,102,946	9,319,578	7,038,682
Fundraising	10,183	32,585	5,959	14,552	-	9,587	8,678	7,899	12,142	38	101,623	65,984
Total Expenses	<u>2,789,461</u>	<u>5,331,751</u>	<u>2,812,510</u>	<u>4,605,670</u>	<u>2,639,756</u>	<u>4,791,137</u>	<u>6,081,274</u>	<u>4,889,851</u>	<u>7,971,709</u>	<u>1,379,229</u>	<u>43,292,348</u>	<u>45,242,855</u>
CHANGE IN UNRESTRICTED NET ASSETS	2,667	130,600	3,489	103,918	81,200	37,744	170,502	17,513	521,849	(418,328)	651,154	1,170,747
Unrestricted Net Assets - Beginning of Year	<u>563,675</u>	<u>749,112</u>	<u>299,123</u>	<u>2,163,742</u>	<u>1,518,720</u>	<u>8,942,300</u>	<u>1,429,287</u>	<u>896,687</u>	<u>2,601,997</u>	<u>346,259</u>	<u>19,510,902</u>	<u>18,340,155</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 566,342</u>	<u>\$ 879,712</u>	<u>\$ 302,612</u>	<u>\$ 2,267,660</u>	<u>\$ 1,599,920</u>	<u>\$ 8,980,044</u>	<u>\$ 1,599,789</u>	<u>\$ 914,200</u>	<u>\$ 3,123,846</u>	<u>\$ (72,069)</u>	<u>\$ 20,162,056</u>	<u>\$ 19,510,902</u>

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

**ICEF PUBLIC SCHOOLS
CONSOLIDATING SCHEDULE OF CASH FLOWS BY LOCATION
YEAR ENDED JUNE 30, 2018**

	ICEF Innovation Los Angeles Charter	ICEF Inglewood Elementary Charter Academy	ICEF Inglewood Middle Charter Academy	ICEF Vista Elementary Academy	ICEF Vista Middle Academy	ICEF Lou Dantzler Preparatory	View Park Preparatory Charter Elementary	View Park Preparatory Middle School	View Park Preparatory High School	Management and General	2018 Consolidated	2017 Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES												
Change in Net Assets	\$ 2,667	\$ 130,600	\$ 3,489	\$ 103,918	\$ 81,200	\$ 37,744	\$ 170,502	\$ 17,513	\$ 521,849	\$ (418,328)	\$ 651,154	\$ 1,170,747
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:												
Depreciation	9,540	7,815	6,767	21,669	7,268	2,124	47,942	42,060	36,926	285,167	467,278	327,744
(Increase) Decrease in Assets:												
Accounts Receivable	(15,202)	44,459	49,466	72,180	102,602	298,264	(8,407)	25,899	8,141	(56,762)	520,640	308,944
Intercompany Receivable	4,695	(10,656)	-	(3,185)	(704)	1,050	(3,691)	1,675,200	2,164	142,338	1,807,211	(1,729,540)
Prepaid Expenses and Other Assets	(13,777)	11,813	12,024	8,579	9,649	26,824	11,581	15,656	35,909	104,279	222,537	(45,781)
Increase (Decrease) in Liabilities:												
Accounts Payable and Accrued Liabilities	28,513	188,983	(561)	112,013	23,278	75,930	(6,963)	(11,003)	(157,571)	169,856	422,475	(1,922,568)
Intercompany Payable	-	-	-	-	(603)	-	(239)	(1,806,369)	-	-	(1,807,211)	1,729,540
Deferred Revenue	(167)	(5,863)	(1,037)	(25,600)	-	(3,902)	(8,576)	(11,455)	(10,061)	-	(66,661)	(59,694)
Net Cash Provided (Used) by Operating Activities	16,269	367,151	70,148	289,574	222,690	438,034	202,149	(52,499)	437,357	226,550	2,217,423	(220,608)
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchases of Property, Plant, and Equipment	-	(38,793)	(22,891)	(74,974)	(134,606)	(203,680)	(193,036)	(143,035)	(364,742)	(382,676)	(1,558,433)	(2,589,139)
Net Cash Used by Investing Activities	-	(38,793)	(22,891)	(74,974)	(134,606)	(203,680)	(193,036)	(143,035)	(364,742)	(382,676)	(1,558,433)	(2,589,139)
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from Debt	-	-	-	-	-	-	-	-	-	-	-	1,500,000
Repayments of Debt	-	-	-	-	-	-	-	-	-	(122,206)	(122,206)	(100,302)
Net Cash Provided (Used) by Financing Activities	-	-	-	-	-	-	-	-	-	(122,206)	(122,206)	1,399,698
NET CHANGE IN CASH AND CASH EQUIVALENTS	16,269	328,358	47,257	214,600	88,084	234,354	9,113	(195,534)	72,615	(278,332)	536,784	(1,410,049)
Cash and Cash Equivalents - Beginning of Year	325,642	107,177	133,436	1,704,990	1,277,395	1,885,793	98,260	644,131	1,832,767	351,928	8,361,519	9,771,568
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 341,911</u>	<u>\$ 435,535</u>	<u>\$ 180,693</u>	<u>\$ 1,919,590</u>	<u>\$ 1,365,479</u>	<u>\$ 2,120,147</u>	<u>\$ 107,373</u>	<u>\$ 448,597</u>	<u>\$ 1,905,382</u>	<u>\$ 73,596</u>	<u>\$ 8,898,303</u>	<u>\$ 8,361,519</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION												
Cash Paid for Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,222	\$ 8,222	\$ -

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

**ICEF PUBLIC SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by ICEF and whether or not ICEF complied with the provisions of California Education Code.

Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of ICEF. 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.

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.

Schedule of Expenditures of Federal Awards

This schedule includes the federal award activity of ICEF under programs of the federal governmental for the year ended June 30, 2018. 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 this schedule presents only a selected portion of operations of ICEF, it is not intended to and does not present the financial position, changes in net assets, or cash flows of ICEF.

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.

Supplementary Statements by Location and Entity

The supplementary consolidating statements of financial position, activities, and cash flows 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
ICEF Public Schools
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of ICEF Public Schools (ICEF), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2018, 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 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered ICEF'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 ICEF's internal control. Accordingly, we do not express an opinion on the effectiveness of ICEF'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 ICEF’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 17, 2018



**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
ICEF Public Schools
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of ICEF Public Schools (ICEF) 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, 2018. ICEF's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ICEF'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; 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 ICEF'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 ICEF's compliance.

Opinion on Each Major Federal Program

In our opinion, ICEF 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, 2018.

Report on Internal Control Over Compliance

Management of ICEF 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 ICEF'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 ICEF'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 17, 2018

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
 ICEF Public Schools
 Los Angeles, California

We have audited ICEF Public Schools' (ICEF) compliance with the types of compliance requirements described in the *2017-2018 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, 2018. ICEF'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.

Auditor's Responsibility

Our responsibility is to express an opinion on ICEF'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, and the *2017-2018 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 ICEF'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 ICEF's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine ICEF'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:	
Educator Effectiveness	Yes
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	Not applicable
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Yes

Opinion on State Compliance

In our opinion, ICEF complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2018.

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 *2017-2018 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 17, 2018

**ICEF PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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)

84.010

Name of Federal Program or Cluster

Title I, Part A, Basic Grants

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

\$750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**ICEF PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

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
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 – Major Federal Program Findings

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

Section IV – Findings and Questioned Costs – State Compliance

Our audit did not disclose any matters required to be reported in accordance with the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**ICEF PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

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.