

ICEF PUBLIC SCHOOLS

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED JUNE 30, 2018)**

OPERATING:

**ICEF Innovation Los Angeles Charter (IILA) - #1037
ICEF Inglewood Elementary Charter Academy (IIES) - #1121
ICEF Inglewood Middle Charter Academy (IIMS) (Closed on June 30, 2019) - #1122
ICEF Vista Elementary School (IVES) - #1039
ICEF Vista Middle School (IVMS) - #0953
ICEF Lou Dantzler Preparatory (ILDLP) (Closed on June 30, 2018) - #1038
ICEF View Park Preparatory Charter Elementary School (VPES) - #0190
ICEF View Park Preparatory Charter Elementary School (VPES) - #0190
ICEF View Park Preparatory Middle School (VPMS) - #0506
ICEF View Park Preparatory High School (VPHS) - #0543**

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, 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 auditors' 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information


Our audit was conducted for the purpose of forming an opinion on 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 other 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' 2018 consolidated financial statements, and we expressed an unmodified opinion on those statements in our report dated December 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited 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 13, 2019 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 13, 2019

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

ASSETS	<u>ICEF</u>	<u>Family</u>	<u>Eliminations</u>	<u>Total 2019</u>	<u>Total 2018</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 11,312,495	\$ 1,412,670	\$ -	\$ 12,725,165	\$ 9,842,816
Cash - Debt Service Coverage Reserve Fund	360,000	-	-	360,000	360,000
Accounts Receivable	6,252,115	40,262	(2,162,762)	4,129,615	4,151,037
Prepaid Expenses and Other Assets	178,068	-	-	178,068	313,536
Total Current Assets	<u>18,102,678</u>	<u>1,452,932</u>	<u>(2,162,762)</u>	<u>17,392,848</u>	<u>14,667,389</u>
LONG-TERM ASSETS					
Prepaid Expenses and Other Assets	-	264,083	-	264,083	217,625
Property, Plant, and Equipment, Net	10,186,745	27,574,508	-	37,761,253	38,797,731
Total Long-Term Assets	<u>10,186,745</u>	<u>27,838,591</u>	<u>-</u>	<u>38,025,336</u>	<u>39,015,356</u>
Total Assets	<u>\$ 28,289,423</u>	<u>\$ 29,291,523</u>	<u>\$ (2,162,762)</u>	<u>\$ 55,418,184</u>	<u>\$ 53,682,745</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 1,908,092	\$ 2,162,762	\$ (2,162,762)	\$ 1,908,092	\$ 2,698,087
Deferred Revenue	21,451	-	-	21,451	-
Long-Term Debt, Current Portion	2,436,072	355,000	-	2,791,072	452,000
Total Current Liabilities	<u>4,365,615</u>	<u>2,517,762</u>	<u>(2,162,762)</u>	<u>4,720,615</u>	<u>3,150,087</u>
LONG-TERM LIABILITIES					
Long-Term Debt	1,374,024	27,145,769	-	28,519,793	30,812,420
Total Long-Term Liabilities	<u>1,374,024</u>	<u>27,145,769</u>	<u>-</u>	<u>28,519,793</u>	<u>30,812,420</u>
NET ASSETS					
Net Assets Without Donor Restriction	22,549,784	(372,008)	-	22,177,776	19,720,238
Total Net Assets	<u>22,549,784</u>	<u>(372,008)</u>	<u>-</u>	<u>22,177,776</u>	<u>19,720,238</u>
Total Liabilities and Net Assets	<u>\$ 28,289,423</u>	<u>\$ 29,291,523</u>	<u>\$ (2,162,762)</u>	<u>\$ 55,418,184</u>	<u>\$ 53,682,745</u>

See accompanying Notes to Consolidated Financial Statements.

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

	ICEF	Family	Eliminations	Total 2019	Total 2018
REVENUES, WITHOUT DONOR RESTRICTION					
State Revenue:					
State Aid	\$ 21,165,259	\$ -	\$ -	\$ 21,165,259	\$ 22,632,773
Other State Revenue	6,501,207	-	-	6,501,207	6,756,972
Federal Revenue:					
Grants and Entitlements	3,419,560	-	-	3,419,560	3,879,481
Local Revenue:					
In-Lieu Property Tax Revenue	6,140,649	-	-	6,140,649	7,015,812
Contributions	484,981	-	-	484,981	1,273,358
Interest Income	3,555	-	-	3,555	-
Other Revenue	1,403,471	2,601,425	(2,363,693)	1,641,203	2,394,938
Total Revenues, Net	<u>39,118,682</u>	<u>2,601,425</u>	<u>(2,363,693)</u>	<u>39,356,414</u>	<u>43,953,334</u>
EXPENSES					
Program Services	26,871,468	2,531,615	(2,363,693)	27,039,390	33,904,861
Management and General	9,782,586	-	-	9,782,586	9,319,578
Fundraising	76,900	-	-	76,900	101,623
Total Expenses	<u>36,730,954</u>	<u>2,531,615</u>	<u>(2,363,693)</u>	<u>36,898,876</u>	<u>43,326,062</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION					
Net Assets Without Donor Restriction, Beginning of Year	2,387,728	69,810	-	2,457,538	627,272
	<u>20,162,056</u>	<u>(441,818)</u>	<u>-</u>	<u>19,720,238</u>	<u>19,092,966</u>
NET ASSETS WITHOUT DONOR RESTRICTION END OF YEAR					
	<u>\$ 22,549,784</u>	<u>\$ (372,008)</u>	<u>\$ -</u>	<u>\$ 22,177,776</u>	<u>\$ 19,720,238</u>

See accompanying Notes to Consolidated Financial Statements.

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

	<u>ICEF</u>	<u>Family</u>	<u>Total 2019</u>	<u>Total 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ 2,387,728	\$ 69,810	\$ 2,457,538	\$ 627,272
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	559,013	595,585	1,154,598	1,055,510
Amortization of Bond Costs	-	48,552	48,552	48,554
(Increase) Decrease in Assets:				
Accounts Receivable	188,496	512	189,008	2,987,243
Prepaid Expenses and Other Assets	135,468	(46,458)	89,010	204,928
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	(789,998)	(167,586)	(957,584)	(2,031,118)
Deferred Revenue	21,451	-	21,451	(66,661)
Net Cash Provided by Operating Activities	<u>2,502,158</u>	<u>500,415</u>	<u>3,002,573</u>	<u>2,825,728</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property, Plant, and Equipment	(65,859)	(52,258)	(118,117)	(1,749,089)
Net Cash Used by Investing Activities	<u>(65,859)</u>	<u>(52,258)</u>	<u>(118,117)</u>	<u>(1,749,089)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Debt	2,318,000	-	2,318,000	-
Repayments of Debt	(1,980,107)	(340,000)	(2,320,107)	(437,206)
Net Cash Provided (Used) by Financing Activities	<u>337,893</u>	<u>(340,000)</u>	<u>(2,107)</u>	<u>(437,206)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,774,192	108,157	2,882,349	639,433
Cash and Cash Equivalents, Beginning of Year	<u>8,898,303</u>	<u>1,304,513</u>	<u>10,202,816</u>	<u>9,563,383</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,672,495</u>	<u>\$ 1,412,670</u>	<u>\$ 13,085,165</u>	<u>\$ 10,202,816</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid for Interest	<u>\$ 10,310</u>	<u>\$ 1,887,478</u>	<u>\$ 1,897,788</u>	<u>\$ 1,921,436</u>

See accompanying Notes to Consolidated Financial Statements.

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

	Program Services	Management and General	Fundraising	2019 Total	2018 Total
ICEF EXPENSES					
Salaries and Wages	\$ 13,086,705	\$ 3,328,062	\$ -	\$ 16,414,767	\$ 19,094,515
Pension Expense	2,086,548	371,716	-	2,458,264	2,538,530
Other Employee Benefits	1,765,859	453,600	-	2,219,459	2,216,192
Payroll Taxes	433,473	272,040	-	705,513	887,486
Legal Expenses	-	172,234	-	172,234	188,444
Accounting Expenses	-	500,000	-	500,000	500,000
Instructional Materials	615,174	25,493	-	640,667	1,300,485
Other Fees for Services	3,155,744	1,254,375	-	4,410,119	5,920,617
Advertising and Promotion Expenses	-	35,585	-	35,585	46,474
Office Expenses	243,053	450,209	-	693,262	511,767
Occupancy Expenses	2,990,284	941,429	-	3,931,713	3,966,538
Travel Expenses	264,518	79,846	-	344,364	477,763
Conference and Meeting Expenses	32,218	28,382	-	60,600	63,736
Interest Expense	-	10,310	-	10,310	8,222
Depreciation Expense	168,912	390,101	-	559,013	467,278
Insurance Expense	-	224,679	-	224,679	224,733
Other Expenses	2,028,980	1,244,525	76,900	3,350,405	4,879,568
Total ICEF 2019 Expenses	<u>26,871,468</u>	<u>9,782,586</u>	<u>76,900</u>	<u>36,730,954</u>	
Total ICEF 2018 Expenses	38,138,189	7,038,682	65,984		43,292,348
FAMILY EXPENSES					
Legal Expenses	-	-	-	-	2,900
Interest Expense	1,887,478	-	-	1,887,478	1,913,214
Depreciation and Amortization Expenses	644,137	-	-	644,137	636,786
Insurance Expense	-	-	-	-	4,934
Other Expenses	-	-	-	-	21,998
Total Family 2019 Expenses	<u>2,531,615</u>	<u>-</u>	<u>-</u>	<u>2,531,615</u>	
Total Family 2018 Expenses	2,531,615	-	-		2,579,832
ELIMINATIONS					
	<u>(2,363,693)</u>	<u>-</u>	<u>-</u>	<u>(2,363,693)</u>	<u>(2,546,118)</u>
Total 2019 Expenses	<u>\$ 27,039,390</u>	<u>\$ 9,782,586</u>	<u>\$ 76,900</u>	<u>\$ 36,898,876</u>	
Total 2018 Expenses	<u>\$ 33,904,861</u>	<u>\$ 9,319,578</u>	<u>\$ 101,623</u>		<u>\$ 43,326,062</u>

See accompanying Notes to Consolidated Financial Statements.

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

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 2,500 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

Basis of Accounting

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

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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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

Accounts Receivable

Accounts receivable represent amounts due from private persons, firms, or corporations based on contractual agreements or amounts billed but not received as of June 30, 2019. Accounts receivable primarily consists of funds due from federal and state governments as of June 30, 2019. Management believes that all receivables are fully collectible; therefore no provisions for uncollectible accounts were recorded.

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

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 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.

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 net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

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

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor 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 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.

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, 2018, from which the summarized information was derived.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. ICEF files and exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Change in Accounting Principle

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

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 13, 2019, the date these financial statements were available to be issued.

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

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date. Financial assets available for general expenditures comprise cash and cash equivalents and grants receivable for the total amount of \$16,854,780.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short term investments, CDs, and money market funds.

NOTE 4 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 5 PROPERTY PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following:

	<u>ICEF</u>	<u>Family</u>	<u>Total</u>
Building and Improvements	\$ 8,119,759	\$ 29,731,561	\$ 37,851,320
Computers and Equipment	2,999,915	-	2,999,915
Other and Construction in Progress	2,463,540	-	2,463,540
Total	<u>13,583,214</u>	<u>29,731,561</u>	<u>43,314,775</u>
Less: Accumulated Depreciation and Amortization	<u>(3,396,469)</u>	<u>(2,157,053)</u>	<u>(5,553,522)</u>
Total Property, Plant, and Equipment	<u>\$ 10,186,745</u>	<u>\$ 27,574,508</u>	<u>\$ 37,761,253</u>

Depreciation expense was \$1,154,598 for the year ended June 30, 2019.

NOTE 6 BOND COSTS

Certain costs of VPHS facility bond issuance held by Slauson and Crenshaw, LLC have capitalized and are being amortized over 35 years (the life of the bonds).

Certain costs of VPES and VPMS facility bond issuance held by 52nd and Crenshaw, LLC, have capitalized and are being amortized over 35 years (the life of the bonds).

Current amortization expense for the year ended June 30, 2019 was \$48,552.

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

NOTE 7 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 of 6.25% plus 0.5% as of June 30, 2019. The revolving line of credit matures on April 15, 2020. There was a balance of \$2,318,000 as of June 30, 2019.

NOTE 8 LONG-TERM DEBT

The long-term debt is comprised of the following:

<u>Description</u>	<u>2019</u>	<u>2018</u>
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.	1,492,096	1,722,203
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.	19,135,000	19,375,000

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

NOTE 8 LONG-TERM DEBT (CONTINUED)

<u>Description</u>	<u>2019</u>	<u>2018</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.	\$ 9,800,000	\$ 9,900,000
Total	<u>\$ 30,427,096</u>	<u>\$ 30,997,203</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>
2020	\$ 118,072	\$ 355,000	\$ 473,072
2021	125,063	375,000	500,063
2022	1,248,961	395,000	1,643,961
2023		415,000	415,000
2024		440,000	440,000
Thereafter		26,955,000	26,955,000
Subtotal	<u>1,492,096</u>	<u>28,935,000</u>	<u>30,427,096</u>
Bond Costs		<u>(1,434,231)</u>	<u>(1,434,231)</u>
Total	<u>\$ 1,492,096</u>	<u>\$ 27,500,769</u>	<u>\$ 28,992,865</u>

NOTE 9 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, 2019**

NOTE 9 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, 2018, total STRS plan net assets are \$225 billion, the total actuarial present value of accumulated plan benefits is \$374 billion, contributions from all employers totaled \$4.9 billion, and the plan is 64% 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 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, 2019 was 16.28% 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>
2017	\$ 1,448,454	100 %
2018	1,708,010	100
2019	1,340,341	100

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

NOTE 9 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. June 30, 2017, the School Employer Pool total plan assets are \$60.9 billion, the present value of accumulated plan benefits is \$99.6 billion, contributions from all employers totaled \$1.8 billion, and the plan is 72.1% funded. The school 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, 2019 was 18.062%. 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>
2017	\$ 627,927	100 %
2018	696,327	100
2019	481,389	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, 2019 was \$142,759.

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

NOTE 10 OPERATING LEASES:

ICEF leases various facilities under several lease agreements with staggered terms. Lease expense under these agreements for the year ended June 30, 2019 was \$3,931,713, of which \$2,363,693 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>
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
2024	291,719	2,274,305	2,566,024
Thereafter	601,026	56,323,442	56,924,468
Subtotal	<u>\$ 2,638,545</u>	<u>\$ 67,724,055</u>	<u>\$ 70,362,600</u>

NOTE 11 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.

NOTE 12 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, other fees for services, office expenses, printing and postage, information technology, and other expenses, which are allocated on the basis of estimates of time and effort.

NOTE 13 CHARTER SCHOOL CLOSURES

The financial statements report the close out audit for ICEF Lou Dantzler Preparatory (ILDLP) (Closed on June 30, 2018) - #1038 and ICEF Inglewood Middle Charter Academy (IIMS) (Closed on June 30, 2019) - #1122. All assets remaining after the satisfaction of liabilities and disposition of restricted funds have been transferred to the home office of ICEF. The home office of ICEF, referred in the financial statements as Management and General, intends to direct these transfers to program costs in accordance ICEF's purpose and mission.

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

NOTE 13 CHARTER SCHOOL CLOSURES (CONTINUED)

The net transfer consisted of the following as of June 30, 2019:

	<u>ILDP</u>	<u>IIMS</u>	<u>Management and General</u>
Cash	\$ (2,099,047)	\$ (16,972)	\$ 2,116,019
Accounts Receivable	-	(392,843)	392,843
Prepaid Expenses	-	(20,000)	20,000
Land	(4,550,000)	-	4,550,000
Construction in Progress	(2,330,997)	-	2,330,997
Due to Grantors	-	48,114	(48,114)
Accounts Payable	-	60,892	(60,892)
Intracompany Accounts	-	100,589	(100,589)
Transfer to Home Office	8,980,044	220,220	(9,200,264)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

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

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, closed 6-30-19) - 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, closed 6-30-18) - 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, 2019 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (3 year term)</u>
David G. Moore	Board Chairman	2022
Tom Stickler	Board Secretary	2020
William "Boutie" Lucas	Member	2022
Brandon Roberson	Member	2021
Angila Romious	Member	2020
Tramell Johnson	Member	2021
Kenneth Christmas	Member	2022

ADMINISTRATORS

Parker Hudnut	CEO
Ryan Gomez	CSO
Shuron Owens-Lincoln	CAO

**ICEF PUBLIC SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME (CONTINUED)
YEAR ENDED JUNE 30, 2019**

	Instructional Minutes		Traditional	Status
	Requirement	Actual	Instructional Days	
ICEF Innovation Los Angeles Charter:				
Kindergarten	36,000	64,850	184	In compliance
Grade 1	50,400	61,170	184	In compliance
Grade 2	50,400	61,170	184	In compliance
Grade 3	50,400	61,170	184	In compliance
Grade 4	54,000	61,170	184	In compliance
Grade 5	54,000	61,170	184	In compliance
ICEF Inglewood Elementary Charter Academy:				
Kindergarten	36,000	63,555	184	In compliance
Grade 1	50,400	59,895	184	In compliance
Grade 2	50,400	61,725	184	In compliance
Grade 3	50,400	59,895	184	In compliance
Grade 4	54,000	61,725	184	In compliance
Grade 5	54,000	61,725	184	In compliance
ICEF Inglewood Middle Charter Academy:				
Grade 6	54,000	62,770	184	In compliance
Grade 7	54,000	64,320	184	In compliance
Grade 8	54,000	63,595	184	In compliance
ICEF Vista Elementary Academy:				
Kindergarten	36,000	64,515	184	In compliance
Grade 1	50,400	61,505	184	In compliance
Grade 2	50,400	61,505	184	In compliance
Grade 3	50,400	61,505	184	In compliance
Grade 4	54,000	61,505	184	In compliance
Grade 5	54,000	61,505	184	In compliance
ICEF Vista Middle Academy:				
Grade 6	54,000	59,200	184	In compliance
Grade 7	54,000	59,200	184	In compliance
Grade 8	54,000	59,200	184	In compliance
View Park Preparatory Charter Elementary:				
Kindergarten	36,000	61,980	184	In compliance
Grade 1	50,400	58,300	184	In compliance
Grade 2	50,400	58,300	184	In compliance
Grade 3	50,400	58,300	184	In compliance
Grade 4	54,000	58,300	184	In compliance
Grade 5	54,000	58,300	184	In compliance
View Park Preparatory Middle School:				
Grade 6	54,000	57,880	184	In compliance
Grade 7	54,000	57,880	184	In compliance
Grade 8	54,000	57,880	184	In compliance
View Park Preparatory High School:				
Grade 9	64,800	68,055	185	In compliance
Grade 10	64,800	68,055	185	In compliance
Grade 11	64,800	68,055	185	In compliance
Grade 12	64,800	68,055	185	In compliance

**ICEF PUBLIC SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
ICEF Innovation Los Angeles Charter:				
Grades TK/K-3	158.97	158.97	157.63	157.63
Grades 4-6	78.01	78.01	77.32	77.32
ADA Totals	<u>236.98</u>	<u>236.98</u>	<u>234.95</u>	<u>234.95</u>
ICEF Inglewood Elementary Charter Academy:				
Grades TK/K-3	255.30	255.30	252.42	252.42
Grades 4-6	123.64	123.64	122.48	122.48
ADA Totals	<u>378.94</u>	<u>378.94</u>	<u>374.90</u>	<u>374.90</u>
ICEF Inglewood Middle Charter Academy:				
Grades 4-6	55.03	55.03	54.53	54.53
Grades 7-8	127.16	127.16	126.27	126.27
ADA Totals	<u>182.19</u>	<u>182.19</u>	<u>180.80</u>	<u>180.80</u>
ICEF Vista Elementary Academy:				
Grades TK/K-3	206.22	206.22	205.80	205.80
Grades 4-6	115.15	115.15	115.17	115.17
ADA Totals	<u>321.37</u>	<u>321.37</u>	<u>320.97</u>	<u>320.97</u>
ICEF Vista Middle Academy:				
Grades 4-6	78.61	78.61	78.21	78.21
Grades 7-8	121.35	121.35	120.73	120.73
ADA Totals	<u>199.96</u>	<u>199.96</u>	<u>198.94</u>	<u>198.94</u>
View Park Preparatory Charter Elementary:				
Grades TK/K-3	290.61	290.61	287.56	287.56
Grades 4-6	138.95	138.95	137.60	137.60
ADA Totals	<u>429.56</u>	<u>429.56</u>	<u>425.16</u>	<u>425.16</u>
View Park Preparatory Middle School:				
Grades 4-6	82.68	82.68	82.16	82.16
Grades 7-8	197.94	197.94	197.92	197.92
ADA Totals	<u>280.62</u>	<u>280.62</u>	<u>280.08</u>	<u>280.08</u>
View Park Preparatory High School:				
Grades 9-12	517.42	517.42	506.45	506.45
ADA Totals	<u>517.42</u>	<u>517.42</u>	<u>506.45</u>	<u>506.45</u>
Grand Total	<u>2,547.04</u>	<u>2,547.04</u>	<u>2,522.25</u>	<u>2,522.25</u>

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

	ICEF Innovation Los Angeles Charter Charter	ICEF Inglewood Elementary Charter Academy	ICEF Inglewood Middle Charter Academy	ICEF Vista Elementary Academy	ICEF Vista Middle Academy	View Park Preparatory Charter Elementary	View Park Preparatory Middle School	View Park Preparatory High School	Total
June 30, 2019 Annual Financial Report Fund Balances (Net Assets)	\$ 728,251	\$ 1,246,965	\$ 314,891	\$ 2,715,690	\$ 1,881,828	\$ 1,922,799	\$ 974,488	\$ 4,113,860	\$ 13,898,772
Adjustments and Reclassifications:									
Increase (Decrease) of Fund Balance (Net Assets):									
Cash and Cash Equivalents	(84,132)	(166,585)	(89,805)	(124,594)	(59,379)	(154,175)	36,984	(247,950)	(889,636)
Accounts Receivable	(18,796)	-	(392,843)	-	-	-	-	-	(411,639)
Prepaid Expenses and Other Assets	-	-	(20,000)	-	-	-	(542,345)	-	(562,345)
Property, Plant, and Equipment, Net	-	-	(21,837)	-	-	-	-	-	(21,837)
Accounts Payable and Accrued Liabilities	-	-	109,005	-	-	94	542,435	-	651,534
Deferred Revenue	-	(7,000)	100,589	-	-	(5,000)	-	(9,451)	79,138
Net Adjustments and Reclassifications	<u>(102,928)</u>	<u>(173,585)</u>	<u>(314,891)</u>	<u>(124,594)</u>	<u>(59,379)</u>	<u>(159,081)</u>	<u>37,074</u>	<u>(257,401)</u>	<u>(1,154,785)</u>
June 30, 2019 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 625,323</u>	<u>\$ 1,073,380</u>	<u>\$ -</u>	<u>\$ 2,591,096</u>	<u>\$ 1,822,449</u>	<u>\$ 1,763,718</u>	<u>\$ 1,011,562</u>	<u>\$ 3,856,459</u>	<u>\$ 12,743,987</u>

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

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	ICEF Innovation Los Angeles Charter	ICEF Inglewood Elementary Charter Academy	ICEF Inglewood Middle Charter Academy	ICEF Vista Elementary Academy	ICEF Vista Middle Academy	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	\$ 100,453	\$ 197,066	\$ 103,945	\$ 171,330	\$ 118,925	\$ 219,822	\$ 165,228	\$ 224,811	\$ 1,301,580
Title II, Part A, Teacher Quality	84.367	14341	10,266	21,601	11,047	18,014	11,003	22,789	16,004	24,317	135,041
Title III, Limited English Proficiency	84.365	14346	-	-	-	18,907	6,302	-	-	-	25,209
Charter School Facilities Incentive Grants Program	84.282D	N/A	-	-	-	59,560	-	-	-	-	59,560
21st Century Community Learning Centers	84.287	N/A	25,000	-	-	-	-	-	-	-	25,000
Special Education, IDEA Basic Cluster	84.027	13379	49,214	64,800	33,153	66,739	41,526	89,207	58,276	107,453	510,368
<i>Total U.S. Department of Education</i>			<u>184,933</u>	<u>283,467</u>	<u>148,145</u>	<u>334,550</u>	<u>177,756</u>	<u>331,818</u>	<u>239,508</u>	<u>356,581</u>	<u>2,056,758</u>
U.S. Department of Agriculture											
Pass-Through Program From											
California Department of Education:											
Child Nutrition Programs Cluster	10.555	N/A	153,557	267,475	130,775	250,099	138,936	205,137	113,254	103,569	1,362,802
<i>Total U.S. Department of Agriculture</i>			<u>153,557</u>	<u>267,475</u>	<u>130,775</u>	<u>250,099</u>	<u>138,936</u>	<u>205,137</u>	<u>113,254</u>	<u>103,569</u>	<u>1,362,802</u>
Total Federal Expenditures			<u>\$ 338,490</u>	<u>\$ 550,942</u>	<u>\$ 278,920</u>	<u>\$ 584,649</u>	<u>\$ 316,692</u>	<u>\$ 536,955</u>	<u>\$ 352,762</u>	<u>\$ 460,150</u>	<u>\$ 3,419,560</u>

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

	ICEF							Management and General	Eliminations	2019 Consolidated	2018 Consolidated
	ICEF Innovation Los Angeles Charter	ICEF Inglewood Elementary Charter Academy	ICEF Vista Elementary Academy	ICEF Vista Middle Academy	View Park Preparatory Charter Elementary	View Park Preparatory Middle School	View Park Preparatory High School				
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 330,318	\$ 361,651	\$ 2,094,041	\$ 1,538,393	\$ 354,368	\$ 491,658	\$ 2,321,221	\$ 3,820,845	\$ -	\$ 11,312,495	\$ 8,538,303
Cash - Debt Service Coverage Reserve Fund		-	-	-	-	-	360,000	-	-	360,000	360,000
Accounts Receivable	391,716	905,928	472,790	289,016	658,863	434,888	685,333	2,413,581	-	6,252,115	6,440,611
Intercompany Receivable	4,505	-	-	-	11,263	-	-	627,363	(643,131)	-	-
Prepaid Expenses and Other Assets	58,060	26,761	21,220	14,669	5,992	5,502	3,081	42,783	-	178,068	313,536
Total Current Assets	<u>784,599</u>	<u>1,294,340</u>	<u>2,588,051</u>	<u>1,842,078</u>	<u>1,030,486</u>	<u>932,048</u>	<u>3,369,635</u>	<u>6,904,572</u>	<u>(643,131)</u>	<u>18,102,678</u>	<u>15,652,450</u>
LONG-TERM ASSETS											
Property, Plant, and Equipment, Net	-	20,940	179,081	118,221	967,357	831,310	786,507	7,283,329	-	10,186,745	10,679,896
Total Long-Term Assets	<u>-</u>	<u>20,940</u>	<u>179,081</u>	<u>118,221</u>	<u>967,357</u>	<u>831,310</u>	<u>786,507</u>	<u>7,283,329</u>	<u>-</u>	<u>10,186,745</u>	<u>10,679,896</u>
Total Assets	<u>\$ 784,599</u>	<u>\$ 1,315,280</u>	<u>\$ 2,767,132</u>	<u>\$ 1,960,299</u>	<u>\$ 1,997,843</u>	<u>\$ 1,763,358</u>	<u>\$ 4,156,142</u>	<u>\$ 14,187,901</u>	<u>\$ (643,131)</u>	<u>\$ 28,289,423</u>	<u>\$ 26,332,346</u>
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Accounts Payable and Accrued Liabilities	\$ 159,276	\$ 234,900	\$ 176,036	\$ 137,850	\$ 229,125	\$ 108,665	\$ 290,232	\$ 572,008	\$ -	\$ 1,908,092	\$ 2,698,087
Deferred Revenue	-	7,000	-	-	5,000	-	9,451	-	-	21,451	-
Intercompany Payable	-	-	-	-	-	643,131	-	-	(643,131)	-	-
Long-Term Debt, Current Portion	-	-	-	-	-	-	-	2,436,072	-	2,436,072	112,000
Total Current Liabilities	<u>159,276</u>	<u>241,900</u>	<u>176,036</u>	<u>137,850</u>	<u>234,125</u>	<u>751,796</u>	<u>299,683</u>	<u>3,008,080</u>	<u>(643,131)</u>	<u>4,365,615</u>	<u>2,810,087</u>
LONG-TERM LIABILITIES											
Long-Term Debt	-	-	-	-	-	-	-	1,374,024	-	1,374,024	3,360,203
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,374,024</u>	<u>-</u>	<u>1,374,024</u>	<u>3,360,203</u>
NET ASSETS											
Net Assets Without Donor Restriction	<u>625,323</u>	<u>1,073,380</u>	<u>2,591,096</u>	<u>1,822,449</u>	<u>1,763,718</u>	<u>1,011,562</u>	<u>3,856,459</u>	<u>9,805,797</u>	<u>-</u>	<u>22,549,784</u>	<u>20,162,056</u>
Total Net Assets	<u>625,323</u>	<u>1,073,380</u>	<u>2,591,096</u>	<u>1,822,449</u>	<u>1,763,718</u>	<u>1,011,562</u>	<u>3,856,459</u>	<u>9,805,797</u>	<u>-</u>	<u>22,549,784</u>	<u>20,162,056</u>
Total Liabilities and Net Assets	<u>\$ 784,599</u>	<u>\$ 1,315,280</u>	<u>\$ 2,767,132</u>	<u>\$ 1,960,299</u>	<u>\$ 1,997,843</u>	<u>\$ 1,763,358</u>	<u>\$ 4,156,142</u>	<u>\$ 14,187,901</u>	<u>\$ (643,131)</u>	<u>\$ 28,289,423</u>	<u>\$ 26,332,346</u>

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

	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 Dantzier Preparatory	View Park Preparatory Charter Elementary	View Park Preparatory Middle School	View Park Preparatory High School	Charter School Total	Management and General	Eliminations	2019 Consolidated	2018 Consolidated
REVENUES, WITHOUT DONOR RESTRICTION														
State Revenue:														
State Aid	\$ 1,924,057	\$ 3,311,540	\$ 1,524,373	\$ 2,645,028	\$ 1,567,171	\$ -	\$ 3,472,148	\$ 2,083,160	\$ 4,637,782	\$ 21,165,259	\$ -	\$ -	\$ 21,165,259	\$ 22,632,773
Other State Revenue	620,453	831,240	374,454	665,433	507,242	-	1,135,509	844,664	1,174,212	6,153,207	348,000	-	6,501,207	6,756,972
Federal Revenue:														
Grants and Entitlements	338,490	550,942	278,920	584,649	316,692	-	536,955	352,762	460,150	3,419,560	-	-	3,419,560	3,879,481
Local Revenue:														
In-Lieu Property Tax Revenue	602,853	735,212	353,481	817,533	508,678	-	1,092,758	713,869	1,316,265	6,140,649	-	-	6,140,649	7,015,812
Contributions	11,389	42,049	6,723	54,987	13,216	-	44,197	17,975	75,352	265,888	219,093	-	484,981	1,273,358
Interest Income	-	-	-	-	-	-	-	-	-	-	3,555	-	3,555	-
Other Revenue	20,252	204,189	5,153	122,366	31,577	70,254	22,474	172,872	579,326	1,228,463	9,375,272	(9,200,264)	1,403,471	2,385,106
Total Revenues, Net	<u>3,517,494</u>	<u>5,675,172</u>	<u>2,543,104</u>	<u>4,889,996</u>	<u>2,944,576</u>	<u>70,254</u>	<u>6,304,041</u>	<u>4,185,302</u>	<u>8,243,087</u>	<u>38,373,026</u>	<u>9,945,920</u>	<u>(9,200,264)</u>	<u>48,318,946</u>	<u>43,943,502</u>
EXPENSES														
Program Services	2,532,839	3,968,602	2,133,931	3,411,745	1,956,686	9,050,298	4,584,439	2,994,070	5,439,122	36,071,732	-	(9,200,264)	26,871,468	33,871,147
Management and General	917,796	1,491,384	703,119	1,143,986	763,808	-	1,538,695	1,089,047	2,066,697	9,714,532	68,054	-	9,782,586	9,319,578
Fundraising	7,878	21,518	8,666	10,829	1,553	-	16,978	4,823	4,655	76,900	-	-	76,900	101,623
Total Expenses	<u>3,458,513</u>	<u>5,481,504</u>	<u>2,845,716</u>	<u>4,566,560</u>	<u>2,722,047</u>	<u>9,050,298</u>	<u>6,140,112</u>	<u>4,087,940</u>	<u>7,510,474</u>	<u>45,863,164</u>	<u>68,054</u>	<u>(9,200,264)</u>	<u>45,931,218</u>	<u>43,292,348</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION														
	58,981	193,668	(302,612)	323,436	222,529	(8,980,044)	163,929	97,362	732,613	(7,490,138)	9,877,866	-	2,387,728	651,154
Net Assets Without Donor Restriction, Beginning of Year	566,342	879,712	302,612	2,267,660	1,599,920	8,980,044	1,599,789	914,200	3,123,846	20,234,125	(72,069)	-	20,162,056	19,510,902
NET ASSETS WITHOUT DONOR RESTRICTION, END OF YEAR	<u>\$ 625,323</u>	<u>\$ 1,073,380</u>	<u>\$ -</u>	<u>\$ 2,591,096</u>	<u>\$ 1,822,449</u>	<u>\$ -</u>	<u>\$ 1,763,718</u>	<u>\$ 1,011,562</u>	<u>\$ 3,856,459</u>	<u>\$ 12,743,987</u>	<u>\$ 9,805,797</u>	<u>\$ -</u>	<u>\$ 22,549,784</u>	<u>\$ 20,162,056</u>

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

	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 Dantzier Preparatory	View Park Preparatory Charter Elementary	View Park Preparatory Middle School	View Park Preparatory High School	Management and General	2019 Consolidated	2018 Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES												
Change in Net Assets	\$ 58,981	\$ 193,668	\$ (302,612)	\$ 323,436	\$ 222,529	\$ (8,980,044)	\$ 163,929	\$ 97,362	\$ 732,613	\$ 9,877,866	\$ 2,387,728	\$ 651,154
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:												
Depreciation	8,629	14,905	12,361	15,211	9,725	-	43,622	32,948	39,571	382,041	559,013	467,278
Loss on Disposal/Transfer of Assets	-	-	-	-	-	6,878,401	-	-	-	(6,878,401)	-	-
(Increase) Decrease in Assets:												
Accounts Receivable	(131,467)	(84,343)	432,544	(74,548)	(65,058)	266,042	(41,227)	21,414	(74,700)	(60,161)	188,496	520,640
Intercompany Receivable	(4,246)	11,250	-	3,524	704	248	16,482	-	48	121,051	149,061	1,807,211
Prepaid Expenses and Other Assets	7,108	19,598	28,852	12,964	8,162	2,298	16,189	16,201	21,850	2,246	135,468	222,537
Increase (Decrease) in Liabilities:												
Accounts Payable and Accrued Liabilities	49,402	(235,962)	(206,645)	(106,136)	(3,148)	(287,092)	43,000	(125,803)	84,420	(2,034)	(789,998)	422,475
Intercompany Payable	-	-	(150,000)	-	-	-	-	939	-	-	(149,061)	(1,807,211)
Deferred Revenue	-	7,000	-	-	-	-	5,000	-	9,451	-	21,451	(66,661)
Net Cash Provided (Used) by Operating Activities	(11,593)	(73,884)	(185,500)	174,451	172,914	(2,120,147)	246,995	43,061	813,253	3,442,608	2,502,158	2,217,423
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchases of Property, Plant, and Equipment	-	-	4,807	-	-	-	-	-	(37,414)	(33,252)	(65,859)	(1,558,433)
Net Cash Used by Investing Activities	-	-	4,807	-	-	-	-	-	(37,414)	(33,252)	(65,859)	(1,558,433)
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from Debt	-	-	-	-	-	-	-	-	-	2,318,000	2,318,000	-
Repayments of Debt	-	-	-	-	-	-	-	-	-	(1,980,107)	(1,980,107)	(122,206)
Net Cash Provided (Used) by Financing Activities	-	-	-	-	-	-	-	-	-	337,893	337,893	(122,206)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,593)	(73,884)	(180,693)	174,451	172,914	(2,120,147)	246,995	43,061	775,839	3,747,249	2,774,192	536,784
Cash and Cash Equivalents, Beginning of Year	341,911	435,535	180,693	1,919,590	1,365,479	2,120,147	107,373	448,597	1,905,382	73,596	8,898,303	8,361,519
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 330,318</u>	<u>\$ 361,651</u>	<u>\$ -</u>	<u>\$ 2,094,041</u>	<u>\$ 1,538,393</u>	<u>\$ -</u>	<u>\$ 354,368</u>	<u>\$ 491,658</u>	<u>\$ 2,681,221</u>	<u>\$ 3,820,845</u>	<u>\$ 11,672,495</u>	<u>\$ 8,898,303</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION												
Cash Paid for Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,310	\$ 10,310	\$ 1,921,436

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

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, 2019. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because 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, 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 13, 2019.

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.

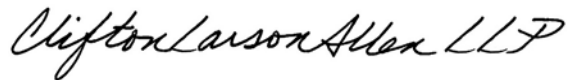
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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 13, 2019



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

Board of Directors
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, 2019. ICEF's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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, 2019.

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, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

ICEF's Response to Findings

ICEF's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. ICEF's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 13, 2019



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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2019. 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.

Auditors' 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about 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:	
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, 2019.


Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2018-19 Standards and Procedures for Audits of California K-12 Local Education Agencies*, published by the Education Appeals Panel, and which are described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-003. Our opinion on each state program is not modified with respect to these matters.

ICEF's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. ICEF's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
December 13, 2019

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

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ 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)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)

10.555

Name of Federal Program or Cluster

Child Nutrition Program Cluster

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

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

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

Section II – Financial Statement Findings

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

Section III – Major Federal Program Findings

2019-001 Child Nutrition: Eligibility 50000

Charter School: ICEF View Park Preparatory High - #0543

Federal Program: Child Nutrition Cluster

CFDA Number: 10.555

Federal Agency: U.S. Department of Agriculture

Name of Pass-Through Agency: California Department of Education

Type of Finding: Significant deficiency in internal control over compliance

Criteria: Federal award guidelines state that free and reduced lunch applications must be complete, accurate, up-to-date and verified by an employee prior to approval.

Condition: During testing we compared students' family income per Free and Reduced Price Meal (FRPM) eligibility applications to the Income Eligibility Scales for 2018-19, and found that the Academy inaccurately reported students as eligible for free or reduced price meals.

Effect: The School was not in compliance with the federal requirement of eligibility in relation to federal programs.

Cause: Due to staffing issues at the School the 8 student's applications identified did not match the eligibility records in the system the School used to determine eligibility.

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

2019-001 Child Nutrition: Eligibility (continued) 50000

Total Program Expenditures: \$1,362,802

Questioned Costs: N/A

Recommendation: We recommend that the School implement a process to verify applications for free and reduced lunches are complete, accurate and performed, at a minimum, on a yearly basis that coincides with School's fiscal year and granting period.

Views of responsible officials and planned corrective actions: On July 1st, 2019, ICEF centralized the gathering, input and review of all student data and Child Nutrition eligibility work. A team of three data analysts managed by the Director of Compliance and Accountability now perform all the processes and data review relating to student data and child nutrition. This same team performed an internal audit that uncovered the discrepancies and used the discovery to confirm the processes and redundancies in place since July 1 will prevent this occurrence from happening again. Moving forward, Management is highly confident there is a process to verify applications for free and reduced lunches as complete, accurate and performed, at a minimum, on a yearly basis that coincides with ICEF's fiscal year and granting period.

Section IV – Findings and Questioned Costs – State Compliance

2019-002 Unduplicated Local Control Funding Formula Pupil Counts 10000

Charter School: ICEF View Park Preparatory High - #0543

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

Condition: During testing we compared students' family income per Free and Reduced Price Meal (FRPM) eligibility applications to the Income Eligibility Scales for 2018-19, and found that the Academy inaccurately reported students as eligible for free or reduced price meals.

Effect: The School is not in compliance with Education code section 42238.02 (b)(2). The 1.17 and 1.18 reports contained errors.

Cause: Due to staffing issues at the School the 8 student's applications identified did not match the eligibility records in the system the School used to determine eligibility.

Questioned Costs: \$6,236

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

Charter School Audit Adjustments to CALPADS Data - for June 30, 2019

School Name	CDS Code	Original		Updated		Net Change		LCFF Entitlement		
		Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Original Entitlement	Revised Entitlement	Adjustment
ICEF View Park Preparatory High (VPHS)	19 64733 0101196	1842	1362	1842	1362	0	0	\$ 5,959,371	\$ 5,953,136	\$ (6,236)
2019-002		<u>Unduplicated Local Control Funding Formula Pupil Counts (CONTINUED)</u>								10000

Recommendation: We recommend School implement additional review procedures to ensure that errors are prevented on future CalPADS reporting and to make sure support is obtained for all classifications reported on CalPADS.

Management Response: On July 1st, 2019, ICEF centralized the gathering, input and review of all student data and Child Nutrition eligibility work. A team of three data analysts managed by the Director of Compliance and Accountability now perform all the processes and data review relating to student data and child nutrition. This same team performed an internal audit that uncovered the discrepancies and used the discovery to confirm the processes and redundancies in place since July 1 will prevent this occurrence from happening again. Moving forward, Management is highly confident ICEF has implemented additional review procedures to ensure that errors are prevented on future CalPADS reporting and to make sure support is obtained for all classifications reported on CalPADS.

**2019-003 After School Education and Safety Program (ASES):
Documentation Requirements 40000**

Charter School(s):

- ICEF Inglewood Elementary School - #1121
- ICEF Inglewood Middle School - #1122
- ICEF Vista Elementary School - #1039
- ICEF Vista Middle School - #0953

Criteria: Education Code Section 8483(a)(2) requires supporting documentation for the number of students served to verify the students attended a minimum of nine hours a week and three days a week.

Condition: The School could not provide supporting documentation for the participating students that satisfied the criteria requirements.

Effect: The ASES attendance information reported could be misstated.

Cause: The School outsourced their ASES program to a third-party company that was unable to provide documentation that satisfied the criteria requirements.

Questioned Costs: None

Recommendation: It is recommended that additional oversight over ASES program requirements and reporting procedures be implemented to monitor compliance with the program requirements and determine there is adequate supporting documentation for the number of students served.

Management Response: Historically, ICEF has worked closely with and relied upon our after-school partners to provide additional documentation when requested for audit purposes. Recently and during the audit process, Youth Policy Institute (YPI) collapsed and left ICEF without the expected partner to produce the requested documents. Moving forward, ICEF will gather copies of all documents quarterly and keep them internally to avoid such a scenario from occurring again.

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

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

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

FINDINGS— STATE COMPLIANCE

There were no state compliance audit findings in the prior year.