# YU MING CHARTER SCHOOL

## CONSOLIDATED
## AUDIT REPORT

**FOR THE YEAR ENDED**
**JUNE 30, 2024**

**A NONPROFIT PUBLIC BENEFIT CORPORATION**
**OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL**

Yu Ming Charter (Charter No. 1296)

**AND CONSOLIDATED WITH**

Yu Ming Charter Facilities, LLC

## FINANCIAL SECTION



## SUPPLEMENTARY INFORMATION



## OTHER INFORMATION



## OTHER INDEPENDENT AUDITORS' REPORTS



## FINDINGS AND QUESTIONED COSTS SECTION

# FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Yu Ming Charter School
Oakland, California

**Report on the Consolidated Financial Statements**

### Opinion

We have audited the accompanying consolidated financial statements of Yu Ming Charter School and its subsidiary, Yu Ming Charter Facilities, LLC, which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yu Ming Charter School and its subsidiary as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Yu Ming Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
**christywhite.com**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Yu Ming Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yu Ming Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Local Education Agency Organization Structure but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025 on our consideration of Yu Ming Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Yu Ming Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yu Ming Charter School's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
January 31, 2025

| | |
|---|---|
| **ASSETS** | |
| Current assets | |
| Cash and cash equivalents | $ 5,946,789 |
| Accounts receivable | 3,738,254 |
| Prepaid expenses | 394,909 |
| Deposits | 37,500 |
| Total current assets | 10,117,452 |
| | |
| Noncurrent assets | |
| Right-of-use assets | 1,669,433 |
| Deposits, less current portion | 702,102 |
| Capital assets, net | 5,798,545 |
| Total noncurrent assets | 8,170,080 |
| **Total Assets** | $ 18,287,532 |
| | |
| **LIABILITIES AND NET ASSETS** | |
| Liabilities | |
| Accounts payable | $ 1,607,461 |
| Deferred revenue | 2,295,598 |
| Operating lease liabilities | 1,646,895 |
| Loan payable | 7,044,398 |
| Total liabilities | 12,594,352 |
| | |
| Net assets | |
| Without donor restrictions | 5,693,180 |
| Total net assets | 5,693,180 |
| **Total Liabilities and Net Assets** | $ 18,287,532 |

The notes to the consolidated financial statements are an integral part of this statement.

## YU MING CHARTER SCHOOL
## CONSOLIDATED STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED JUNE 30, 2024

| | Without Donor Restrictions |
|---|---|
| **SUPPORT AND REVENUES** | |
| Federal and state support and revenues | |
| Local control funding formula, state aid | $ 9,380,664 |
| Federal revenues | 392,690 |
| Other state revenues | 3,049,353 |
| Total federal and state support and revenues | 12,822,707 |
| Local support and revenues | |
| Payments in lieu of property taxes | 50,912 |
| Grants and donations | 1,775,826 |
| Childcare fees | 821,360 |
| Investment income, net | 95,812 |
| Other local revenues | 134,281 |
| Total local support and revenues | 2,878,191 |
| **Total Support and Revenues** | 15,700,898 |
| | |
| **EXPENSES** | |
| Program services | 11,457,770 |
| Supporting services | |
| Management and general | 3,953,094 |
| Fundraising | 73,771 |
| **Total Expenses** | 15,484,635 |
| | |
| **CHANGE IN NET ASSETS** | 216,263 |
| | |
| **Net Assets - Beginning** | 5,476,917 |
| | |
| **Net Assets - Ending** | $ 5,693,180 |

The notes to the consolidated financial statements are an integral part of this statement.

**YU MING CHARTER SCHOOL**
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | | Supporting Services | | |
|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | Total |
| **EXPENSES** | | | | |
| Personnel expenses | | | | |
| Certificated salaries | $ 5,023,414 | $ - | $ - | $ 5,023,414 |
| Non-certificated salaries | 1,785,694 | 1,444,835 | - | 3,230,529 |
| Pension plan contributions | 794,841 | - | - | 794,841 |
| Payroll taxes | 274,369 | 120,247 | - | 394,616 |
| Other employee benefits | 527,917 | 112,019 | - | 639,936 |
| Total personnel expenses | 8,406,235 | 1,677,101 | - | 10,083,336 |
| Non-personnel expenses | | | | |
| Books and supplies | 889,778 | 149,860 | - | 1,039,638 |
| Insurance | - | 130,404 | - | 130,404 |
| Facilities | 957,629 | 368,368 | - | 1,325,997 |
| Professional services | 705,254 | 1,230,828 | 73,771 | 2,009,853 |
| Interest expense | - | 296,724 | - | 296,724 |
| Depreciation | 255,356 | - | - | 255,356 |
| Fees to authorizing agency | 95,427 | - | - | 95,427 |
| Other operating expenses | 148,091 | 99,809 | - | 247,900 |
| Total non-personnel expenses | 3,051,535 | 2,275,993 | 73,771 | 5,401,299 |
| **Total Expenses** | $ 11,457,770 | $ 3,953,094 | $ 73,771 | $ 15,484,635 |

The notes to the consolidated financial statements are an integral part of this statement.

**YU MING CHARTER SCHOOL**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Change in net assets | $ 216,263 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | |
| Depreciation | 255,356 |
| Lease expense - amortization of right-of-use asset | 14,802 |
| (Increase) decrease in operating assets | |
| Accounts receivable | (635,838) |
| Prepaid expenses | (49,990) |
| Deposits | (689,389) |
| Increase (decrease) in operating liabilities | |
| Accounts payable | 74,128 |
| Deferred revenue | 1,201,597 |
| **Net cash provided by (used in) operating activities** | 386,929 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Purchase of capital assets | (6,009,874) |
| **Net cash provided by (used in) investing activities** | (6,009,874) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| Draws or proceeds from loan payable | 7,100,000 |
| Principal payments on loan payable | (55,602) |
| **Net cash provided by (used in) financing activities** | 7,044,398 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | 1,421,453 |
| **Cash and cash equivalents - Beginning** | 4,525,336 |
| **Cash and cash equivalents - Ending** | $ 5,946,789 |
| **SUPPLEMENTAL DISCLOSURE** | |
| Cash paid for interest | $ 262,323 |

The notes to the consolidated financial statements are an integral part of this statement.

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Yu Ming Charter School (the "Charter") was formed as a nonprofit public benefit corporation on July 7, 2010 for the purpose of operating as a California public school located in Alameda County. The Charter was numbered by the State Board of Education in May 2011 as California Charter No. 1296. As a leader in Mandarin immersion education, Yu Ming Charter School nurtures their inclusive and diverse community to become empowered, engaged, and outstanding global citizens. During the year ended June 30, 2024, Yu Ming Charter School served grades K to 8.

Yu Ming Charter School is authorized to operate as a charter school through Alameda County Office of Education (the "authorizing agency"). In December 2020, the Alameda County Board of Education approved a charter petition renewal for the Charter for a seven-year term beginning July 1, 2021 and expiring on June 30, 2028. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

On May 20, 2023, articles of organization were filed to establish a limited liability corporation under Yu Ming Charter Facilities LLC (the "LLC"), whereby Yu Ming Charter School is the sole statutory member of the LLC. As such, the LLC is deemed a disregarded entity and its financial statements are to be consolidated with Yu Ming Charter School.

Collectively, Yu Ming Charter School and Yu Ming Charter Facilities LLC are referred to as the "Organization" throughout this consolidated financial report.

### B. Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

### C. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Yu Ming Charter School and Yu Ming Charter Facilities, LLC, which comprise the Organization as a whole. Intercompany accounts and transactions have been eliminated in consolidation.

### D. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016. The Organization reports information regarding its financial position and activities according to two classes of net assets:

*Net assets without donor restrictions* – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net assets with donor restrictions* – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Financial Statement Presentation (continued)**

As a public charter school, Yu Ming Charter School also accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is not used in the Charter's financial statement presentation.

**E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

**F. Functional Expenses**

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management's estimates.

**G. Contributions**

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

**H. In Lieu of Property Tax Revenue**

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the local school district. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes payments to the Charter. Revenues are recognized by the Charter when earned.

**I. Cash and Cash Equivalents**

The Organization considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Investments**

The Organization's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

**K. Receivables and Allowances**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2024, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**L. Capital Assets**

The Organization has adopted a policy to capitalize asset purchases over $5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

**M. Deferred Revenue**

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

**N. Lease Arrangements**

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, a new lease standard effective no later than the fiscal year 2022-23. Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position (balance sheet) for proper recognition of any operating lease. A right-of-use asset is an intangible asset that pertains to the lessee's right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

**O. Income Taxes**

Yu Ming Charter School is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Charter is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, the Charter is not required to register with the California Attorney General as a charity.

Management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Organization's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

### P. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

## NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as of June 30, 2024, consists of the following:

| | |
|---|---|
| Cash in banks, interest bearing | $ 4,706,044 |
| Cash in banks, non-interest bearing | 1,240,745 |
| **Total Cash and Cash Equivalents** | $ 5,946,789 |

As of June 30, 2024, a portion of the Yu Ming Charter School's bank balance was exposed to custodial credit risk as there were deposits over $250,000 in accounts held at one or more banks. Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. The Organization does not have a policy for custodial credit risk for deposits. The FDIC insures up to $250,000 per depositor per insured bank.

## NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable, as of June 30, 2024, consists of the following:

| | |
|---|---|
| Local control funding sources, state aid | $ 2,230,829 |
| Federal sources | 200,607 |
| Other state sources | 1,199,561 |
| In lieu property tax payments | 76,083 |
| Other local sources | 31,174 |
| **Total Accounts Receivable** | $ 3,738,254 |

## NOTE 4 – CAPITAL ASSETS

A summary of activity related to capital assets, during the year ended June 30, 2024, consists of the following:

| Yu Ming Charter School | Balance July 1, 2023 | Additions | Disposals | Balance June 30, 2024 |
|---|---|---|---|---|
| Property and equipment | | | | |
| Site and leasehold improvements | $ 299,460 | $ - | $ - | $ 299,460 |
| Furniture and equipment | 58,153 | - | - | 58,153 |
| Construction in progress | - | 60,825 | - | 60,825 |
| Total property and equipment | 357,613 | 60,825 | - | 418,438 |
| Less accumulated depreciation | (313,586) | (33,257) | - | (346,843) |
| **Capital Assets, net** | $ 44,027 | $ 27,568 | $ - | $ 71,595 |

| Yu Ming Charter Facilities LLC | Balance July 1, 2023 | Additions | Disposals | Balance June 30, 2024 |
|---|---|---|---|---|
| Property and equipment | | | | |
| Land | $ - | $ 3,000,000 | $ - | $ 3,000,000 |
| Buildings | - | 2,869,821 | - | 2,869,821 |
| Site improvements | - | 79,228 | - | 79,228 |
| Total property and equipment | - | 5,949,049 | - | 5,949,049 |
| Less accumulated depreciation | - | (222,099) | - | (222,099) |
| **Capital Assets, net** | $ - | $ 5,726,950 | $ - | $ 5,726,950 |
| | | | | |
| **Consolidated Capital Assets, net** | $ 44,027 | $ 5,754,518 | $ - | $ 5,798,545 |

## NOTE 5 – ACCOUNTS PAYABLE

Accounts payable, as of June 30, 2024, consists of the following:

| | |
|---|---|
| Due to grantor government | $ 850,228 |
| Salaries and benefits | 337,513 |
| Vendor payables | 267,465 |
| Credit card liability | 91,001 |
| Interest payable | 34,401 |
| Due to authorizing agency | 26,853 |
| **Total Accounts Payable** | $ 1,607,461 |

## NOTE 6 – DEFERRED REVENUE

Deferred revenue includes funding that has been received in cash, however, has not yet been earned as of June 30, 2024. Funding conditions are expected to be met and revenue will be recognized in the subsequent fiscal year. Deferred revenue, as of June 30, 2024, consists of the following:

| | |
|---|---|
| State sources | $ 1,200,098 |
| Local sources | 1,095,500 |
| **Total Deferred Revenue** | $ 2,295,598 |

## NOTE 7 – OPERATING LEASES

In July 2017, Yu Ming Charter School entered into a lease agreement with The Roman Catholic Corporation of Oakland for the use of a portion of the premises located at 675 41st Street in Oakland, California. The facilities are utilized by the Charter for its Upper Campus serving students in grades 3 to 8. The lease covers a term beginning July 1, 2017 to July 31, 2022. On June 30, 2022, the lease was extended for a new term beginning August 1, 2022 to July 31, 2027. During the fiscal year ended June 30, 2024, the Organization paid $404,467 in lease payments under this facilities operating lease. The implied discount rate is 2.66% for this lease agreement.

On February 1, 2022, the Charter entered into a lease agreement with the Epiphany Lutheran Church to lease facilities at 16211 and 16248 Carolyn Street in San Leandro, California. The original lease commenced February 1, 2022 and ended June 30, 2024. The term was extended to July 31, 2026. The charter paid a $9,413 security deposit upon the execution of the lease which has been recorded as a deposit. During the fiscal year ended June 30, 2024, the Organization paid $115,780 in lease payments under this facilities operating lease. The implied discount rate is 2.84% for this lease agreement.

In January 2022, the Charter entered into a lease agreement with Mobile Modular to lease modular classrooms. The original lease held an end date of October 9, 2024 but was extended to April 2025. The Charter paid a $40,800 security deposit upon the execution of the lease which has been recorded as a deposit. During the fiscal year ended June 30, 2024, the Organization paid $140,177 in lease payments under this facilities operating lease. The implied discount rate is 2.84% for this lease agreement.

The Organization holds several lease agreements for the use of equipment. The terms vary and end no later than April 2026. During the fiscal year ended June 30, 2024, the Organization paid $49,116 in lease payments under these equipment operating leases. The implied discount rates range from 2.87 to 3.03% for the lease agreements.

At June 30, 2024, the right-of-use assets balance was $1,669,433 and the operating lease liabilities balance was $1,646,895. Future lease payments on remaining terms of the leases are as follows:

| | Lease Payments | | |
|---|---|---|---|
| Fiscal Year Ending June 30, | Facilities | Equipment | Total |
| 2025 | $ 673,075 | $ 49,116 | $ 722,191 |
| 2026 | 554,917 | 12,940 | 567,857 |
| 2027 | 458,830 | - | 458,830 |
| 2028 | 37,476 | - | 37,476 |
| Total lease payments | 1,724,298 | 62,056 | 1,786,354 |
| NPV adjustment | (138,297) | (1,162) | (139,459) |
| **Total Operating Lease Liabilities** | $ 1,586,001 | $ 60,894 | $ 1,646,895 |

## NOTE 8 – LOAN PAYABLE

A summary of activity related to the loan payable during the year ended June 30, 2024 consists of the following:

| | Balance July 1, 2023 | Draws | Payments | Balance June 30, 2024 |
|---|---|---|---|---|
| Educational facilities fund (EFF) loan | $ - | $ 7,100,000 | $ 55,602 | $ 7,044,398 |
| **Total Loan Payable** | $ - | $ 7,100,000 | $ 55,602 | $ 7,044,398 |

**NOTE 8 – LOAN PAYABLE (continued)**

In September 2023, the California School Finance Authority (CSFA) authorized the issuance of loan proceeds not to exceed $7.1 million to finance and refinance a project for educational facilities for use by Yu Ming Charter School. In October 2023, the LLC entered into a loan agreement with Equitable Facilities Fund, Inc. for the loan issuance with CSFA for total loan proceeds of $7,100,000. The proceeds were directly used for charter school facilities under the LLC and property located at 2501 Chestnut Street in Oakland, California. The loan holds an interest rate of 3% and maturity date of October 1, 2058. Payments of principal and interest are payable monthly and commenced in November 2023.

Future minimum payments associated with the loan payable are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 65,837 | $ 411,052 | $ 476,889 |
| 2026 | 69,800 | 407,089 | 476,889 |
| 2027 | 74,002 | 402,887 | 476,889 |
| 2028 | 78,457 | 398,432 | 476,889 |
| 2029 | 83,180 | 393,709 | 476,889 |
| Thereafter | 6,673,122 | 7,315,622 | 13,988,744 |
| **Total** | $ 7,044,398 | $ 9,328,791 | $ 16,373,189 |

**NOTE 9 – NET ASSETS**

The Organization did not hold any net assets with donor restrictions at June 30, 2024. Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Organization. At June 30, 2024, the Organization's net assets without donor restrictions consists of the following:

| | |
|---|---|
| Net investment in capital assets | $ (1,245,853) |
| Undesignated | 6,939,033 |
| **Total Net Assets without Donor Restrictions** | $ 5,693,180 |

The Charter's fiscal policy recommends a reserve for economic uncertainty equal to three months of average operating costs based on the approved annual budget of the upcoming fiscal year.

**NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The table on the following page reflects the Organization's financial assets as of June 30, 2024, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action. Yu Ming Charter School maintains a line of credit (as mentioned in Note 12) which could be drawn upon to ensure financial assets are available as general expenditures and other obligations become due.

### NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

| | | |
|---|---|---|
| Financial Assets | | |
| Cash and cash equivalents | $ | 5,946,789 |
| Accounts receivable | | 3,738,254 |
| Prepaid expenses | | 394,909 |
| Contractual or donor-imposed restrictions | | |
| Cash held for conditional contributions | | (2,295,598) |
| **Financial Assets available to meet cash needs for expenditures within one year** | $ | 7,784,354 |

### NOTE 11 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code* 47605, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Charter has made such election for its certificated personnel. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS). The Organization also offers social security as an alternative plan to all employees who may not qualify for CalSTRS.

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

Yu Ming Charter School contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

**Funding Policy**

Active plan members are required to contribute 10.25% or 10.205% of their 2023-24 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2023-24 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalSTRS for the last three fiscal years were as follows:

| | | Contribution | Percent of Required Contribution |
|---|---|---|---|
| 2023-24 | $ | 794,841 | 100% |
| 2022-23 | $ | 705,558 | 100% |
| 2021-22 | $ | 508,410 | 100% |

**On-Behalf Payments**

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for Yu Ming Charter School is estimated at $355,858. The on-behalf payment amount is computed as the proportionate share of total 2022-23 State on-behalf contributions.

## NOTE 12 – COMMITMENTS AND CONTINGENCIES

### Charter School Authorization

As mentioned in Note 1A, Yu Ming Charter School is approved to operate as a public charter school through authorization by the Alameda County Office of Education. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

The Charter makes payments to the authorizing agency to provide required services for oversight and monitoring. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to $95,427 for the fiscal year ending June 30, 2024.

### Governmental Funds

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

### Multiemployer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Charter's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Charter to make payments to the plan, which would approximate the Charter's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Charter's share of withdrawal liability is approximately $4,643,303 as of June 30, 2023. The Charter does not currently intend to withdraw from CalSTRS. Refer to Note 11 for additional information on employee retirement plans.

### Pending or Threatened Litigation

The Charter may become involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Charter as of June 30, 2024.

### Line of Credit

Yu Ming Charter School obtained a revolving line of credit with First Republic Bank in the amount of $1,000,000. The Charter grants First Republic Bank a continuing lien and security interest in any and all deposits as security for full and punctual payment. The Charter had no outstanding loan payable under this line of credit as of June 30, 2024.

## NOTE 13 – DONATED GOODS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to Yu Ming Charter School in an effort to advance the Charter's programs and objectives. These services have not been recorded in the Organization's financial statements because they do not meet the criteria required by generally accepted accounting principles. Additionally, the Organization did not receive any donated items during the year ended June 30, 2024.

## NOTE 14 – INTERAGENCY TRANSACTIONS

As mentioned in Note 1A and B, Yu Ming Charter School and Yu Ming Charter Facilities LLC are considered financially interrelated under generally accepted accounting principles because of the statutory relationship. As such, interagency transactions and balances are eliminated in the consolidated financial statements of the Organization to better reflect the true activities of the corporation. Transactions during the fiscal year that were eliminated included lease payments recorded as a lease expense to the charter school under Yu Ming Charter School and rental income to the LLC. Additional information concerning the leased property is noted below.

Yu Ming Charter School entered into a lease agreement with the LLC for use of facilities named under the educational facilities loan at Note 8. The agreement provides for monthly payments beginning November 2023 to October 2058. Future minimum lease payments under the agreement are directly associated with the principal and interest payments on the EFF loan and are as follows:.

| Fiscal Year Ending June 30, | Lease Payments |
|---|---|
| 2025 | $ 476,889 |
| 2026 | 476,889 |
| 2027 | 476,889 |
| 2028 | 478,889 |
| 2029 | 479,889 |
| Thereafter | 13,988,744 |
| Total lease payments | 16,378,189 |
| NPV adjustment | (9,299,392) |
| **Total** | $ 7,078,797 |

Total rental income to the LLC from the Charter amounted to $357,667 during the fiscal year. As part of the lease agreement, the Charter holds a right-of-use asset of $7,078,797 and an operating lease liability of $7,078,797. These transactions and balances have been presented as eliminations on the consolidating financial statements.

## NOTE 15 – SUBSEQUENT EVENTS

Yu Ming Charter School has evaluated subsequent events for the period from June 30, 2024 through January 31, 2025, the date the financial statements were available to be issued.

In November 2023, the Organization entered into a purchase and sale agreement for property located at 16290 Foothill Boulevard in San Leandro, California. The purchase price is noted at $1,250,000 yet no close of escrow has occurred as of January 31, 2025.

Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

# SUPPLEMENTARY INFORMATION

**YU MING CHARTER SCHOOL**
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**
**JUNE 30, 2024**

| | Charter No. 1296 Yu Ming Charter School | Yu Ming Charter Facilities LLC | Eliminations | Consolidated Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ 5,946,789 | $ - | $ - | $ 5,946,789 |
| Accounts receivable | 3,738,254 | 39,741 | (39,741) | 3,738,254 |
| Interagency receivables | 137,868 | 598,290 | (736,158) | - |
| Prepaid expenses | 394,909 | - | - | 394,909 |
| Deposits | 37,500 | - | - | 37,500 |
| Total current assets | 10,255,320 | 638,031 | (775,899) | 10,117,452 |
| Noncurrent assets | | | | |
| Right-of-use assets | 8,748,230 | - | (7,078,797) | 1,669,433 |
| Deposits, less current portion | 70,213 | 631,889 | - | 702,102 |
| Capital assets, net | 71,595 | 5,726,950 | - | 5,798,545 |
| Total noncurrent assets | 8,890,038 | 6,358,839 | (7,078,797) | 8,170,080 |
| **Total Assets** | $ 19,145,358 | $ 6,996,870 | $ (7,854,696) | $ 18,287,532 |
| **LIABILITIES AND NET ASSETS** | | | | |
| Liabilities | | | | |
| Accounts payable | $ 1,573,061 | $ 34,400 | $ - | $ 1,607,461 |
| Interagency payables | 638,031 | 137,868 | (775,899) | - |
| Deferred revenue | 2,295,598 | - | - | 2,295,598 |
| Operating lease liabilities | 8,725,692 | - | (7,078,797) | 1,646,895 |
| Loans payable | - | 7,044,398 | - | 7,044,398 |
| Total liabilities | 13,232,382 | 7,216,666 | (7,854,696) | 12,594,352 |
| Net assets | | | | |
| Without donor restrictions | 5,912,976 | (219,796) | - | 5,693,180 |
| Total net assets | 5,912,976 | (219,796) | - | 5,693,180 |
| **Total Liabilities and Net Assets** | $ 19,145,358 | $ 6,996,870 | $ (7,854,696) | $ 18,287,532 |

**YU MING CHARTER SCHOOL**
**CONSOLIDATING STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2024**

| | Charter No. 1296<br>Yu Ming<br>Charter School | Yu Ming Charter<br>Facilities LLC | Eliminations | Consolidated<br>Total |
|---|---|---|---|---|
| **SUPPORT AND REVENUES** | | | | |
| Federal and state support and revenues | | | | |
| Local control funding formula, state aid | $ 9,380,664 | $ - | $ - | $ 9,380,664 |
| Federal revenues | 392,690 | - | - | 392,690 |
| Other state revenues | 3,049,353 | - | - | 3,049,353 |
| Total federal and state support and revenues | 12,822,707 | - | - | 12,822,707 |
| Local support and revenues | | | | |
| Payments in lieu of property taxes | 50,912 | - | - | 50,912 |
| Grants and donations | 1,775,826 | - | - | 1,775,826 |
| Childcare fees | 821,360 | - | - | 821,360 |
| Rental income | - | 357,667 | (357,667) | - |
| Investment income, net | 95,812 | - | - | 95,812 |
| Other local revenues | 134,281 | - | - | 134,281 |
| Total local support and revenues | 2,878,191 | 357,667 | (357,667) | 2,878,191 |
| **Total Support and Revenues** | 15,700,898 | 357,667 | (357,667) | 15,700,898 |
| **EXPENSES** | | | | |
| Program services | 11,472,089 | 280,739 | (295,058) | 11,457,770 |
| Supporting services | | | | |
| Management and general | 3,718,979 | 296,724 | (62,609) | 3,953,094 |
| Fundraising | 73,771 | - | - | 73,771 |
| **Total Expenses** | 15,264,839 | 577,463 | (357,667) | 15,484,635 |
| **CHANGE IN NET ASSETS** | 436,059 | (219,796) | - | 216,263 |
| **Net Assets - Beginning** | 5,476,917 | - | - | 5,476,917 |
| **Net Assets - Ending** | $ 5,912,976 | $ (219,796) | $ - | $ 5,693,180 |

## YU MING CHARTER SCHOOL
## SCHEDULE OF AVERAGE DAILY ATTENDANCE
## FOR THE YEAR ENDED JUNE 30, 2024

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the charter school. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

| | Second Period Report | Annual Report |
|---|---|---|
| | Classroom-Based | |
| **Grade Span** | | |
| Regular | | |
| Kindergarten through third | 542.96 | 542.10 |
| Fourth through sixth | 211.74 | 211.60 |
| Seventh through eighth | 78.66 | 78.54 |
| Special education | | |
| Kindergarten through third | 0.94 | 0.94 |
| **Total Average Daily Attendance - Classroom-Based** | 834.30 | 833.18 |
| | Nonclassroom-Based | |
| **Grade Span** | | |
| Regular | | |
| Kindergarten through third | 0.49 | 0.86 |
| Fourth through sixth | 0.10 | 0.16 |
| Seventh through eighth | 0.16 | 0.28 |
| **Total Average Daily Attendance - Nonclassroom-Based** | 0.75 | 1.30 |
| **Total Average Daily Attendance** | 835.05 | 834.48 |

This schedule presents information on the amount of instructional time offered per grade level by the charter school and whether the charter school complied with the provisions of *Education Code Section* 47612.5.

| Grade Level | Minutes Requirement | 2023-24 Instructional Minutes | 2023-24 Number of Days | Status |
|---|---|---|---|---|
| Kindergarten | 36,000 | 63,855 | 185 | Complied |
| Grade 1 | 50,400 | 58,070 | 185 | Complied |
| Grade 2 | 50,400 | 58,070 | 185 | Complied |
| Grade 3 | 50,400 | 58,070 | 185 | Complied |
| Grade 4 | 54,000 | 58,070 | 185 | Complied |
| Grade 5 | 54,000 | 58,070 | 185 | Complied |
| Grade 6 | 54,000 | 57,561 | 185 | Complied |
| Grade 7 | 54,000 | 57,561 | 185 | Complied |
| Grade 8 | 54,000 | 57,561 | 185 | Complied |

There were no adjustments to reconcile fund balance reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets per the audited financial statements for the year end ended June 30, 2024.

# OTHER INFORMATION

This schedule provides information about the local education agency (LEA or charter school), including the charter school's authorizing agency, grades served, members of the governing body, and members of the administration.

Yu Ming Charter School, located in Alameda County, was formed as a nonprofit public benefit corporation on July 7, 2010 and numbered by the State Board of Education in August 2011 as California Charter No. 1296. The Charter is authorized to operate as a charter school through the Alameda County Office of Education. During 2023-24, the Yu Ming Charter School served approximately 865 students in grades K to 8.

BOARD OF DIRECTORS

| Name | Office | Term Expiration |
|---|---|---|
| Reginald Lee | Chair | 2025 |
| Jonathan Schorr | Vice Chair | 2024 |
| Jessica Henry | Secretary | 2024 |
| Yiaway Yeh | Treasurer | 2024 |
| Gary Borden | Member | 2025 |
| Keta Brown | Member | 2024 |
| Joi Jackson | Member | 2025 |
| Kendra Ferguson | Member | 2025 |
| M. McDaniel | Member | 2025 |

ADMINISTRATION

Stacey Wang
*Chief Executive Officer*

Crystal Simmons
*Director of Student Support*

Emily Wood Dahm
*Director of Strategy and Operations*

Greg Callaham
*Director of SEL & Equity*

# OTHER INDEPENDENT AUDITORS' REPORTS

**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***

Independent Auditors' Report

To the Board of Directors of
Yu Ming Charter School
Oakland, California

We have audited, 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, the consolidated financial statements of Yu Ming Charter School (the "Organization") as of and for the year ended June 30, 2024, and the related notes to the consolidated financial statements, which collectively comprise the Organization's financial statements and have issued our report thereon dated January 31, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
**christywhite.com**

**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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 31, 2025

## REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Independent Auditors' Report

To the Board of Directors of
Yu Ming Charter School
Oakland, California

**Report on State Compliance**

**Opinion on State Compliance**

We have audited Yu Ming Charter School's compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to Yu Ming Charter School's state program requirements for the fiscal year ended June 30, 2024.

In our opinion, Yu Ming Charter School complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2024, as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

**Basis for Opinion on State Compliance**

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 *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Yu Ming Charter School and to meet certain ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance. Our audit does not provide a legal determination of Yu Ming Charter School's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Yu Ming Charter School's state programs.

**Auditor's Responsibilities for the Audit for State Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Yu Ming Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists.

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
**christywhite.com**

**Auditor's Responsibilities for the Audit for State Compliance (continued)**

The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Yu Ming Charter School's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* and the K-12 Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Yu Ming Charter School's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Yu Ming Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Yu Ming Charter School's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine Yu Ming Charter School's compliance with the state laws and regulations to the following items:

| Description | Procedures Performed |
|---|---|
| **School Districts, County Offices of Education and Charter Schools** | |
| Proposition 28 Arts and Music in Schools | Yes |
| After/Before School Education and Safety Program | Not applicable |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study-Course Based | Not applicable |
| Immunizations | Yes |
| Educator Effectiveness | Yes |
| Expanded Learning Opportunities Grant (ELO-G) | Yes |
| Career Technical Education Incentive Grant | Not applicable |
| Expanded Learning Opportunities Program | Yes |
| Transitional Kindergarten | Not applicable |
| **Charter Schools** | |
| Attendance | Yes |
| Mode of Instruction | Yes |
| Nonclassroom-Based Instruction/Independent Study | No* |
| Determination of Funding for Nonclassroom-Based Instruction | Not applicable |
| Annual Instructional Minutes – Classroom Based | Yes |
| Charter School Facility Grant Program | Yes |

**We did not perform testing of Nonclassroom Based Instruction/Independent Study because ADA was not material*.

"Not applicable" is used in the table above to indicate that the Charter either did not receive program funding or did not otherwise operate the program during the fiscal year.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies or material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state 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 state 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of State Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 31, 2025

# FINDINGS AND QUESTIONED COSTS SECTION

## PART I – SUMMARY OF AUDITORS' RESULTS

| | |
|---|---|
| **Financial Statements** | |
| Type of auditors' report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified not considered to be material weaknesses? | None Reported |
| Noncompliance material to financial statements noted? | No |

**Federal Awards**

*The Organization did not expend more than $750,000 in federal awards; therefore, a Federal Single Audit under OMB Uniform Grant Guidance is not applicable.*

| | |
|---|---|
| **State Awards** | |
| Internal control over state programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified not considered to be material weaknesses? | None Reported |
| Any audit findings disclosed that are required to be reported in accordance with *2023-24 Guide for Annual Audits of California K-12 Local Education Agencies* ? | No |
| Type of auditors' report issued on compliance for state programs: | Unmodified |

All audit year findings, if any, are assigned an appropriate finding code as follows:

| FIVE DIGIT CODE | AB 3627 FINDING TYPE |
|---|---|
| 10000 | Attendance |
| 20000 | Inventory of Equipment |
| 30000 | Internal Control |
| 40000 | State Compliance |
| 42000 | Charter School Facilities Programs |
| 43000 | Apprenticeship: Related and Supplemental Instruction |
| 50000 | Federal Compliance |
| 60000 | Miscellaneous |
| 61000 | Classroom Teacher Salaries |
| 62000 | Local Control Accountability Plan |
| 70000 | Instructional Materials |
| 71000 | Teacher Misassignments |
| 72000 | School Accountability Report Card |

## PART II – FINANCIAL STATEMENT FINDINGS

There were no audit findings related to the financial statements for the year ended June 30, 2024.

## PART III – STATE AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to state awards for the year ended June 30, 2024.

## PART IV – SUMMARY OF PRIOR AUDIT FINDINGS

This section presents the status of actions taken by the Organization on each of the findings and recommendations reported in the prior year audit; however, there were no audit findings reported in the year ended June 30, 2023.