

TREE OF LIFE
INTERNATIONAL
CHARTER SCHOOL

AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2024

A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL

Tree of Life International Charter School (Charter No. 1869)

TREE OF LIFE INTERNATIONAL CHARTER SCHOOL
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Tree of Life International Charter School
Anderson, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Tree of Life International Charter School which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tree of Life International Charter School 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 Tree of Life International 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 these 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 Tree of Life International 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.

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 Tree of Life International 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 Tree of Life International 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 December 12, 2024, on our consideration of Tree of Life International 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 Tree of Life International 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 Tree of Life International Charter School's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 12, 2024

TREE OF LIFE INTERNATIONAL CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS		
Current assets		
Cash and cash equivalents	$	5,747,073
Accounts receivable		630,096
Total current assets		6,377,169
Capital assets		
Property and equipment		5,755,557
Less accumulated depreciation		(170,361)
Capital assets, net		5,585,196
Total Assets	$	11,962,365
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$	1,101,949
Deferred revenue		3,379,306
Loans payable		3,008,677
Total liabilities		7,489,932
Net assets		
Without donor restrictions		4,385,632
With donor restrictions		86,801
Total net assets		4,472,433
Total Liabilities and Net Assets	$	11,962,365

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

TREE OF LIFE INTERNATIONAL CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Federal and state support and revenues			
Local control funding formula, state aid	$ 3,434,484	$ -	$ 3,434,484
Federal revenues	115,772	-	115,772
Other state revenues	1,313,450	39,366	1,352,816
Total federal and state support and revenues	4,863,706	39,366	4,903,072
Local support and revenues			
Payments in lieu of property taxes	810,479	-	810,479
Investment income, net	108,287	-	108,287
Other local revenues	96,509	16,578	113,087
Total local support and revenues	1,015,275	16,578	1,031,853
Donor restrictions satisfied	11,601	(11,601)	-
Total Support and Revenues	5,890,582	44,343	5,934,925
EXPENSES			
Program services	4,103,975	-	4,103,975
Management and general	367,666	-	367,666
Total Expenses	4,471,641	-	4,471,641
CHANGE IN NET ASSETS	1,418,941	44,343	1,463,284
Net Assets - Beginning	2,966,691	762,329	3,729,020
Prior period reclassification	-	(719,871)	(719,871)
Net Assets - Beginning, as restated	2,966,691	42,458	3,009,149
Net Assets - Ending	$ 4,385,632	$ 86,801	$ 4,472,433

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

TREE OF LIFE INTERNATIONAL CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
EXPENSES			
Personnel expenses			
Certificated salaries	$ 1,464,810	$ 83,790	$ 1,548,600
Non-certificated salaries	1,036,315	130,838	1,167,153
Pension plan contributions	379,795	14,590	394,385
Payroll taxes	102,518	11,292	113,810
Other employee benefits	270,108	17,474	287,582
Total personnel expenses	3,253,546	257,984	3,511,530
Non-personnel expenses			
Books and supplies	259,228	32,185	291,413
Insurance	28,334	40,129	68,463
Facilities	89,212	8,815	98,027
Professional services	253,346	26,853	280,199
Depreciation	143,371	-	143,371
Fees to authorizing agency	14,934	-	14,934
Other operating expenses	62,004	1,700	63,704
Total non-personnel expenses	850,429	109,682	960,111
Total Expenses	$ 4,103,975	$ 367,666	$ 4,471,641

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

TREE OF LIFE INTERNATIONAL CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	1,463,284
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation		143,371
(Increase) decrease in operating assets		
Accounts receivable		(255,621)
Prepaid expenses		76,370
Increase (decrease) in operating liabilities		
Accounts payable		618,857
Deferred revenue		2,658,935
Net cash provided by (used in) operating activities		4,705,196
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets		(4,478,597)
Net cash provided by (used in) investing activities		(4,478,597)
CASH FLOWS FROM FINANCING ACTIVITIES		
Draws or proceeds from loans payable		3,008,677
Net cash provided by (used in) financing activities		3,008,677
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		3,235,276
Cash and cash equivalents - Beginning		2,511,797
Cash and cash equivalents - Ending	$	5,747,073
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$	-

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Tree of Life International Charter School (the "Charter") was formed as a nonprofit public benefit corporation on February 23, 2017, for the purpose of operating as a California public school located in Shasta County. The Charter was numbered by the State Board of Education in March 2017 as California Charter No. 1869. The Charter School's mission is to provide students an opportunity to acquire a second and third language and explore global cultures through World Music and the Spanish/English Dual Immersion program. Students participate in a hands-on, Inquiry-Based Learning design which incorporates all subject matter through integrated units of study. During the year ended June 30, 2024, Tree of Life International Charter School served grades TK-8.

Tree of Life International Charter School is authorized to operate as a charter school through Cascade Union Elementary School District (the "authorizing agency"). On January 2017, the Board of Directors of Cascade Union Elementary School District approved a charter petition for a five-year term beginning March 1, 2017 and expiring on March 1, 2022. As a result of AB 130 and SB 114, the charter petition end date is extended to March 1, 2025. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

In August 2023, the Organization formed a limited liability corporation, the 19367 Jacqueline St LLC (LLC). The Organization is the sole statutory member of 19367 Jacqueline St LLC. During the fiscal year ended June 30, 2024, 19367 Jacqueline St LLC has no financial activity and no assets or liabilities existed under this LLC as of June 30, 2024.

B. Basis of Accounting

The Charter'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. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective July 1, 2018. Under the Guide, Tree of Life International Charter School is required to report 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.

As a public charter school, the Charter 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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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.

E. 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.

F. 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 authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to Tree of Life International Charter School. Revenues are recognized by the Charter when earned.

G. 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.

H. Cash and Cash Equivalents

Tree of Life International Charter School considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

I. Investments

The Charter'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.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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 Charter 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.

K. Capital Assets

Tree of Life International Charter School 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.

L. 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.

M. Income Taxes

Tree of Life International 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.

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

N. 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 county treasury	$	5,804,904
County treasury fair value adjustment		(58,217)
Cash in banks, non-interest bearing		386
Total Cash and Cash Equivalents	$	5,747,073

Cash in Banks

Custodial Credit Risk
Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. Tree of Life International Charter School does not have a policy for custodial credit risk for deposits. The FDIC insures up to $250,000 per depositor per insured bank. As of June 30, 2024, Tree of Life International Charter School's bank balance was not exposed to custodial credit risk as there were no deposits over $250,000 in accounts at any one insured bank.

Cash in County Treasury

Policies and Practices
Tree of Life International Charter School is a voluntary participant in an external investment pool. The fair value of the Charter's investment in the pool is reported in the financial statements at amounts based upon the Charter's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio in relation to the amortized cost of that portfolio. The balance available for withdrawal is recorded on the amortized cost basis and is based on the accounting records maintained by the County Treasurer.

General Authorizations
Except for investments by trustees of debt proceeds, the authority to invest Charter funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the California Government Code:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Cash in County Treasury (continued)

Interest Rate Risk
Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in the market interest rates. The Charter has managed its exposure to interest rate risk by investing in the county treasury. The Charter's investments in the Shasta County Treasury Investment Pool, which combines the Charter's share of the portfolio, has a combined fair value of $5,746,687 and an amortized book value of $5,804,904 as of June 30, 2024. The average weighted maturity for this pool is 613 days.

Fair Value Measurement
Cash in county treasury is measured at Level 1 using the fair value input levels noted in Note 1N. The funds were not previously measured. The Charter has reclassified these funds as Level 1 because the amounts invested in the county treasury pooled investment fund primarily consist of investment types having observable inputs that reflect quoted prices. The investment types include those noted under the general authorizations section. As such, the carrying value consists of the amortized book value presented as "cash in county treasury" offset by the "county treasury fair value adjustment" to arrive at the combined fair value amount noted under the interest rate risk section.

NOTE 3 – ACCOUNTS RECEIVABLE

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

Local control funding sources, state aid	$	16,866
Federal sources		41,655
Other state sources		354,802
In lieu property tax payments		200,095
Other local sources		16,678
Total Accounts Receivable	$	630,096

NOTE 4 – CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Property and equipment				
Land	$ -	$ 185,000	$ -	$ 185,000
Buildings	-	337,130	-	337,130
Site improvements	-	1,093,234	-	1,093,234
Equipment	949,881	10,583	-	960,464
Construction in progress	327,079	2,852,650	-	3,179,729
Total property and equipment	1,276,960	4,478,597	-	5,755,557
Less accumulated depreciation	(26,990)	(143,371)	-	(170,361)
Capital Assets, net	$ 1,249,970	$ 4,335,226	$ -	$ 5,585,196

NOTE 5 – ACCOUNTS PAYABLE

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

Vendor payables	$	1,088,310
Salaries and benefits		13,639
Total Accounts Payable	$	1,101,949

NOTE 6 – DEFERRED REVENUE

Deferred revenue as of June 30, 2024, consists of the following:

Prop 51 charter facilities program	$	3,008,677
Expanded learning opportunities program		45,369
Arts, music, and instructional materials		118,989
Learning recovery emergency block grant		152,621
Other state programs		53,650
Total Deferred Revenue	$	3,379,306

Proposition 51 Facilities Program

Tree of Life International Charter School received several preliminary apportionments for new construction projects under the Charter School Facilities Program. The total preliminary amounts are made up of 50% state grant and 50% loan that will eventually be paid back by the Charter. The Charter received advance funding for design costs and had until mid-2023 to convert the preliminary apportionments to final apportionments, which the Charter has done in 2023-24. To convert the funds, the Charter submitted complete funding applications with plans that were approved by the Division of the State Architect and the California Department of Education.

NOTE 7 – LOANS PAYABLE

On May 3, 2023, Tree of Life International Charter School entered into a funding agreement the State Allocation Board and the California School Finance Authority (CSFA) for its charter school facilities project. The payment period shall commence upon the later to occur: (1) the effective date; or (2) after one full year of the facilities being open and the Charter commences its educational program ("commencement date"). The period shall end 30 years following the effective or commencement date, or when paid in full. The outstanding balance as of June 30, 2024 is $3,008,677.

NOTE 8 – NET ASSETS

Net Assets with Donor Restrictions

As of June 30, 2024, the Charter's net assets with donor restrictions consists of the following:

Multi-cultural center	$	10,000
Library fundraiser		1,639
Science camp		1,736
Rancheria grant		3,203
Lottery: instructional materials		70,223
Total Net Assets with Donor Restrictions	$	86,801

NOTE 8 – NET ASSETS (continued)

Net Assets without Donor Restrictions

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 Charter. At June 30, 2024, the Charter's net assets without donor restrictions consists of the following:

Net investment in capital assets	$ 2,576,519
Board designations	
Reserve for economic uncertainty	435,176
Solar buyout	200,000
Facilities reserve	350,000
Total board designations	985,176
Undesignated	823,937
Total Net Assets without Donor Restrictions	$ 4,385,632

Beginning Net Assets - Prior Period Restatement

A prior period restatement were necessary as of July 1, 2023 to recognize unspent cash from conditional contributions as deferred revenue. The funding sources will be recognized in future periods when the conditions of the funding have been substantially met. Additionally, a prior period restatement as of July 1, 2023 was necessary to release funds from restricted related to use in a prior period. The impact on beginning net assets is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning	$ 2,966,691	$ 762,329	$ 3,729,020
FASB revenue recognition of conditional contributions:			
Expanded learning opportunities program	-	(115,983)	(115,983)
Arts, music, and instructional materials	-	(168,563)	(168,563)
Learning recovery emergency block grant	-	(375,562)	(375,562)
Educator effectiveness	-	(59,763)	(59,763)
Prior period reclassification	-	(719,871)	(719,871)
Net Assets - Beginning, as restated	$ 2,966,691	$ 42,458	$ 3,009,149

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The table on the following page reflects the Charter'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.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

Financial Assets	
Cash and cash equivalents	$ 5,747,073
Accounts receivable, current portion	630,096
Total Financial Assets, excluding noncurrent	$ 6,377,169
Contractual or donor-imposed restrictions	
Cash restricted by others for specific uses	(86,801)
Cash held for conditional contributions	(3,379,306)
Board designations	
Reserve for economic uncertainty	(435,176)
Special education reserve	(200,000)
Facilities reserve	(350,000)
Financial Assets available to meet cash needs for expenditures within one year	$ 1,925,886

NOTE 10 – 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. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS).

California State Teachers' Retirement System (CalSTRS)

Plan Description
Tree of Life International 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 this fiscal year was $274,503.

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 Tree of Life International Charter School is estimated at $119,882. The on-behalf payment amount is computed as the proportionate share of total 2022-23 State on-behalf contributions.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, Tree of Life International Charter School is approved to operate as a public charter school through authorization by the Cascade Union Elementary School District. 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.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code (EC) whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the charter petition end date was extended to March 1, 2022. Additionally, on July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended EC 47607.4. The EC was amended to add "all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, shall have their term extended by one additional year." As a result, the charter petition end date is extended to March 1, 2025.

The Charter makes payments to the authorizing agency, to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to $14,934 for the fiscal year ending June 30, 2024.

Governmental Funds

Tree of Life International 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 $1,564,005 as of June 30, 2023. The Charter does not currently intend to withdraw from CalSTRS. Refer to Note 12 for additional information on employee retirement plans.

Pending or Threatened Litigation

The Charter is 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.

NOTE 12 – DONATED GOODS AND SERVICES

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

NOTE 13 – SUBSEQUENT EVENTS

Tree of Life International Charter School has evaluated subsequent events for the period from June 30, 2024 through December 12, 2024, the date the financial statements were available to be issued. Management did not identify any transactions or events that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION

TREE OF LIFE INTERNATIONAL 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	201.18	201.22
Fourth through sixth	99.42	99.07
Seventh through eighth	39.40	39.52
Total Average Daily Attendance - Classroom-Based	340.00	339.81
Total Average Daily Attendance	340.00	339.81

*Includes Transitional Kindergarten (TK)

The Charter had no Nonclassroom-Based ADA in 2023-24.

TREE OF LIFE INTERNATIONAL CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2024

This schedule presents information on the amount of instructional time offered per grade level by the Tree of Life International Charter School and whether the Charter 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	52,900	178	Complied
Grade 1	50,400	54,955	178	Complied
Grade 2	50,400	54,955	178	Complied
Grade 3	50,400	54,955	178	Complied
Grade 4	54,000	59,680	178	Complied
Grade 5	54,000	59,680	178	Complied
Grade 6	54,000	60,295	178	Complied
Grade 7	54,000	60,295	178	Complied
Grade 8	54,000	60,295	178	Complied

*Includes Transitional Kindergarten (TK)

TREE OF LIFE INTERNATIONAL CHARTER SCHOOL
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
JUNE 30, 2024

This schedule provides the information necessary to reconcile fund balance reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets on the audited financial statements.

June 30, 2024, fund balance/net position on the Financial Report - Alternative Form (Charter School Unaudited Actuals)	$ 7,807,872
Adjustments:	
Increase (decrease) in total net assets:	
Fair value adjustment to cash in county treasury	(4,462)
FASB revenue recognition of conditional contributions:	
Prop 51 charter facilities program	(3,008,677)
Expanded learning opportunities program	(45,369)
Arts, music, and instructional materials	(118,989)
Learning recovery emergency block grant	(152,621)
Arts and music in schools (Prop 28)	(5,321)
Net adjustments	(3,335,439)
June 30, 2024, net assets per audited financial statements	$ 4,472,433

OTHER INFORMATION

TREE OF LIFE INTERNATIONAL CHARTER SCHOOL
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2024

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

Tree of Life International Charter School, located in Shasta County, was formed as a nonprofit public benefit corporation on March 2017. The charter school operated by the nonprofit, Tree of Life International Charter School, was numbered by the State Board of Education in March 2017 as Charter No. 1869. The Charter is authorized to operate as a charter school through Cascade Union Elementary School District. Classes began in August 2017 for grades TK and 8. During 2023-24, the Charter served approximately 359 students in grades TK to 8.

BOARD OF DIRECTORS

Name	Office	Term Expiration
Wyndi Nelson	President	June 30, 2025
Tim Hawkins	Vice President	June 20, 2025
Michele Anberg-Espinoza	Secretary	June 30, 2024
Marty Bullock	Member	June 30, 2024
Todd Goble	Member	June 30, 2024
Calvin Robertson	Member	June 30, 2026

ADMINISTRATION

Deborah Wallace
Executive Director

Donna Heller
Chief Business Official

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
Tree of Life International Charter School
Anderson, 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 financial statements of Tree of Life International Charter School (the "Charter") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Charter's financial statements and have issued our report thereon dated December 12, 2024.

Report on Internal Control Over Financial Reporting

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

As part of obtaining reasonable assurance about whether the Charter'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*.

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



San Diego, California
December 12, 2024

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

Independent Auditors' Report

To the Board of Directors of
Tree of Life International Charter School
Anderson, California

Report on State Compliance

Opinion on State Compliance

We have audited Tree of Life International 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 Tree of Life International Charter School's state program requirements for the fiscal year ended June 30, 2024.

In our opinion, Tree of Life International 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 Tree of Life International 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 Tree of Life International 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 Tree of Life International 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 Tree of Life International Charter School's compliance based on our audit.

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

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. 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 Tree of Life International 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 Tree of Life International 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 Tree of Life International 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 Tree of Life International Charter School's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine Tree of Life International 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	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Not applicable

"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
December 12, 2024

FINDINGS AND QUESTIONED COSTS SECTION

TREE OF LIFE INTERNATIONAL CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

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 Charter 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 Charter 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.