

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2023**

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

Bullis Charter School (Charter No. 0615)



**BULLIS** charter school

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
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JUNE 30, 2023**

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## **FINANCIAL SECTION**

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Certified Public Accountants serving  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Bullis-Purissima Elementary School  
dba Bullis Charter School  
Los Altos, California

### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of The Bullis-Purissima Elementary School dba Bullis Charter School which comprise the statement of financial position as of June 30, 2023, 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 The Bullis-Purissima Elementary School dba Bullis Charter School as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our 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 The Bullis-Purissima Elementary 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.

#### **Change in Accounting Principle**

As discussed in Note 1N to the financial statements, in 2022-23 The Bullis-Purissima Elementary School adopted new accounting guidance, ASU No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 The Bullis-Purissima Elementary School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

348 Olive Street  
San Diego, CA  
92103

O: 619-270-8222  
F: 619-260-9085  
[christywhite.com](http://christywhite.com)

## **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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Bullis-Purissima Elementary 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Bullis-Purissima Elementary 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of The Bullis-Purissima Elementary 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 The Bullis-Purissima Elementary 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 The Bullis-Purissima Elementary School's internal control over financial reporting and compliance.

*Christy White, Inc.*

San Diego, California  
December 11, 2023

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023**

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**ASSETS**

Current assets	
Cash and cash equivalents	\$ 535,923
Accounts receivable	4,526,034
Prepaid expenses	262,412
Total current assets	<u>5,324,369</u>
Noncurrent assets	
Right-of-use asset - operating	806,705
Right-of-use asset - financing	32,096
Capital assets, net	395,861
Total noncurrent assets	<u>1,234,662</u>
<b>Total Assets</b>	<b><u>\$ 6,559,031</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable	\$ 1,295,530
Deferred revenue	1,723,880
Operating lease liability	818,912
Financing lease liability	32,369
Total liabilities	<u>3,870,691</u>
Net assets	
Without donor restrictions	<u>2,688,340</u>
Total net assets	<u>2,688,340</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 6,559,031</u></b>

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

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

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	<u>Without Donor Restrictions</u>
<b>SUPPORT AND REVENUES</b>	
Federal and state support and revenues	
Local control funding formula, state aid	\$ 365,088
Federal revenues	208,739
Other state revenues	<u>1,121,669</u>
Total federal and state support and revenues	<u>1,695,496</u>
Local support and revenues	
Payments in lieu of property taxes	9,920,726
Grants and donations	4,213,684
Parcel tax revenue	655,846
Investment income, net	2,598
Other local revenues	<u>716,328</u>
Total local support and revenues	<u>15,509,182</u>
<b>Total Support and Revenues</b>	<u><b>17,204,678</b></u>
<b>EXPENSES</b>	
Program services	15,412,393
Management and general	<u>1,334,266</u>
<b>Total Expenses</b>	<u><b>16,746,659</b></u>
<b>CHANGE IN NET ASSETS</b>	458,019
<b>Net Assets - Beginning</b>	<u>2,230,321</u>
<b>Net Assets - Ending</b>	<u><b>\$ 2,688,340</b></u>

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

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023**

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	Program Services	Management and General	Total
<b>EXPENSES</b>			
Personnel expenses			
Certificated salaries	\$ 8,242,679	\$ 184,600	\$ 8,427,279
Non-certificated salaries	1,242,883	-	1,242,883
Pension plan contributions	1,547,836	34,665	1,582,501
Payroll taxes	309,916	4,990	314,906
Other employee benefits	974,462	21,819	996,281
Total personnel expenses	<u>12,317,776</u>	<u>246,074</u>	<u>12,563,850</u>
Non-personnel expenses			
Books and supplies	889,698	155,274	1,044,972
Insurance	-	192,000	192,000
Facilities	497,460	327,479	824,939
Professional services	1,406,645	231,876	1,638,521
Interest expense	5,480	596	6,076
Depreciation	194,993	64,997	259,990
Fees to authorizing agency	-	101,949	101,949
Other operating expenses	100,341	14,021	114,362
Total non-personnel expenses	<u>3,094,617</u>	<u>1,088,192</u>	<u>4,182,809</u>
<b>Total Expenses</b>	<u>\$ 15,412,393</u>	<u>\$ 1,334,266</u>	<u>\$ 16,746,659</u>

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



**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 458,019
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Noncash items	
Depreciation	259,990
Amortization of right-of-use assets	12,480
(Increase) decrease in operating assets	
Accounts receivable	(1,099,038)
Prepaid expenses	(105,206)
Increase (decrease) in operating liabilities	
Accounts payable	138,266
Deferred revenue	648,772
<b>Net cash provided by (used in) operating activities</b>	<u>313,283</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	313,283
<b>Cash and cash equivalents - Beginning</b>	<u>222,640</u>
<b>Cash and cash equivalents - Ending</b>	<u>\$ 535,923</u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Cash paid for interest	<u>\$ 596</u>

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

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Bullis-Purissima Elementary School dba Bullis Charter School (the “Charter”) was formed as a nonprofit public benefit corporation on February 13, 2003 for the purpose of operating as a California public school, Bullis Charter School. The Charter is numbered by the State Board of Education as California Charter No. 0615. The Charter’s mission statement is as follows:

*Bullis Charter School offers a collaborative, experiential learning environment that emphasizes individual student growth.*

*As a model of educational innovation, BCS inspires children, faculty and staff to reach beyond themselves to achieve full potential.*

*Using a global perspective to teach about the interconnectedness of communities and their environments, the BCS program nurtures mutual respect, civic responsibility and a lifelong love of learning.*

Bullis Charter School is authorized to operate as a charter school through the Santa Clara County Office of Education (the “authorizing agency”). In April 2016, Santa Clara County Board of Education approved a charter petition renewal for a five-year term beginning July 1, 2017 to June 30, 2022. As a result of AB 130 and SB 114, the charter petition end date is extended to June 30, 2025. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public. During the year ended June 30, 2023, Bullis Charter School served grades TK to 8.

**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, The Bullis-Purissima Elementary 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 Bullis-Purissima Elementary 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.

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**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 January 1. Taxes are payable in two installments no later than 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 local school district makes monthly payments to The Bullis-Purissima Elementary 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**

The Bullis-Purissima Elementary School considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

**I. 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.

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**I. Receivables and Allowances (continued)**

Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2023, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**J. Prepaid Expenses**

Prepaid expenses represent amounts paid in advance of receiving goods or services. The Charter has reported prepaid items either when purchased or during the benefiting period.

**K. Capital Assets**

The Bullis-Purissima Elementary 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**

The Bullis-Purissima Elementary 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. Change in Accounting Principle**

**ASC 842 Leases**

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021.

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 and/or finance 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.

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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

**N. Change in Accounting Principle (continued)**

**ASC 842 Leases (continued)**

The Charter has determined the impact and has reflected the significant change from this accounting principle within its financial statements for the 2022-23 fiscal year. Refer to Note 7 for additional information regarding the operating and finance leases and the related right-of-use assets and operating lease liabilities held by the Charter.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents, as of June 30, 2023, consists of cash in banks of \$535,923 held in interest-bearing accounts. As of June 30, 2023, \$888,523 of The Bullis-Purissima Elementary 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 FDIC insures up to \$250,000 per depositor per insured bank. The Bullis-Purissima Elementary School does not have a policy for custodial credit risk for deposits; however, to date, no losses have been experienced in any of the Charter’s accounts.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2023, consists of the following:

Local control funding sources, state aid	\$	108,524
Federal sources		97,789
Other state sources		153,302
In lieu property tax payments		923,101
Local grants receivable		2,783,760
Other local sources		459,558
<b>Total Accounts Receivable</b>	<b>\$</b>	<b>4,526,034</b>

**NOTE 4 – CAPITAL ASSETS**

The Charter recorded depreciation expense of \$259,990 during the year ended June 30, 2023. There were no asset purchases or disposals during the year.

A summary of activity related to capital assets during the year ended June 30, 2023 consists of the following:

	July 1, 2022	Additions	Disposals	June 30, 2023
Property and equipment				
Leasehold improvements	\$ 667,065	\$ -	\$ -	\$ 667,065
Furniture and equipment	2,142,850	-	-	2,142,850
Total property and equipment	2,809,915	-	-	2,809,915
Less accumulated depreciation	(2,154,064)	(259,990)	-	(2,414,054)
<b>Capital Assets, net</b>	<b>\$ 655,851</b>	<b>\$ (259,990)</b>	<b>\$ -</b>	<b>\$ 395,861</b>

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

**NOTE 5 – ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2023, consists of the following:

Due to grantor government	\$	539,583
Salaries and benefits		373,776
Vendor payables		333,443
Due to authorizing agency		27,463
Credit card liability		21,265
<b>Total Accounts Payable</b>	<b>\$</b>	<b>1,295,530</b>

**NOTE 6 – DEFERRED REVENUE**

Deferred revenue as of June 30, 2023, consists of the following:

Federal sources	\$	39,568
State sources		1,684,312
<b>Total Deferred Revenue</b>	<b>\$</b>	<b>1,723,880</b>

**NOTE 7 – OPERATING AND FINANCE LEASES**

In July 2014, the Charter entered into a five-year facilities use agreement (FUA) with the Los Altos School District. After the five-year agreement, a two-year agreement was signed in May 2019. The two-year agreement provides for additional facility space to accommodate more students. Due to the COVID pandemic, the two-year agreement was amended in June 2020 to extend the term to June 30, 2023. On August 22, 2022, the Los Altos School District and Bullis Charter School entered into another two-year extension on the FUA with an end date of June 30, 2025. Under ASC 842, the FUA is determined to be an operating lease for accounting purposes. At June 30, 2023, the right-of-use asset was \$806,705 and the operating lease liability was \$818,912.

The Charter entered into a lease agreement for the use of copier equipment. The lease is determined to be a financing lease. At June 30, 2023, the right-of-use asset was \$32,096 and the financing lease liability was \$32,369.

The Charter has accounted for its lease agreements using an implied discount rate of 2.96%. The associated assets and lease liabilities are amortized over the terms of the leases as follows:

Fiscal Year Ending June 30,	Operating		Financing	
	ROU Asset	Lease Liability	ROU Asset	Lease Liability
2024	\$ 415,150	\$ 415,031	\$ 9,394	\$ 9,948
2025	415,150	427,476	9,394	9,948
2026	-	-	9,394	9,948
2027	-	-	3,914	4,145
Subtotal	830,300	842,507	32,096	33,989
Adjustments	(23,595)	(23,595)	-	(1,620)
<b>Total</b>	<b>\$ 806,705</b>	<b>\$ 818,912</b>	<b>\$ 32,096</b>	<b>\$ 32,369</b>

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 8 – NET ASSETS**

As of June 30, 2023, the Charter did not hold any net assets with 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, 2023, the Charter’s net assets without donor restrictions consists of the following:

Net investment in capital assets	\$ 395,861
Undesignated	2,292,479
<b>Total Net Assets without Donor Restrictions</b>	<b><u>\$ 2,688,340</u></b>

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Charter’s financial assets as of June 30, 2023, 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.

Financial Assets	
Cash and cash equivalents	\$ 535,923
Accounts receivable	4,526,034
Prepaid expenses	262,412
Total Financial Assets, excluding noncurrent	<u>\$ 5,324,369</u>
Contractual or donor-imposed restrictions	
Cash from unspent conditional contributions	<u>(1,723,880)</u>
<b>Financial Assets available to meet cash needs for expenditures within one year</b>	<b><u>\$ 3,600,489</u></b>

**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 for certificated employees. Certificated employees are members of the California State Teachers’ Retirement System (CalSTRS). The Charter also offers all employees an alternative plan who may not qualify for the CalSTRS retirement plan.

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

**Plan Description**

Bullis 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.

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2023**

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**NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)**

**California State Teachers’ Retirement System (CalSTRS) (continued)**

**Funding Policy**

Active plan members are required to contribute 10.25% or 10.205% of their 2022-23 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2022-23 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 two fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2022-23	\$ 1,582,501	100%
2021-22	\$ 1,358,292	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 Bullis Charter School is estimated at \$713,178. The on-behalf payment amount is computed as the proportionate share of total 2021-22 State on-behalf contributions.

**Alternative Plan**

As established by federal law, all public sector employees who are not members of their employer’s existing retirement plan (CalSTRS) must be covered by social security or an alternative plan. The Charter offers social security as an alternative plan.

**NOTE 11 – DONATED GOODS AND SERVICES**

During the year, many parents, administrators and other individuals donated significant amounts of time and services to The Bullis-Purissima Elementary 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, 2023.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Charter School Authorization**

As mentioned in Note 1A, Bullis Charter School is approved to operate as a public charter school through authorization by the Santa Clara 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.

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 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 is extended to June 30, 2024. Refer to Note 13 for an additional one-year extension.

The Charter makes payments to the authorizing agency to provide required services for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to \$101,949 for the fiscal year ending June 30, 2023.



**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2023**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)**

**Governmental Funds**

The Bullis-Purissima Elementary 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 \$8,877,208 as of June 30, 2022. The Charter does not currently intend to withdraw from CalSTRS. Refer to Note 10 for additional information on employee retirement plans.

**Pending or Threatened Litigation**

The Charter has been involved from time to time in various litigation arising from the normal course of business. In the opinion of management and legal counsel, there is no pending, resolved or anticipated litigation expected to have a material adverse effect on the overall financial position of the Charter as of June 30, 2023.

**NOTE 13 – SUBSEQUENT EVENTS**

The Bullis-Purissima Elementary School dba Bullis Charter School has evaluated subsequent events for the period from June 30, 2023 through December 11, 2023, the date the financial statements were available to be issued.

On July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended California Education Code (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 June 30, 2025.

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

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## **SUPPLEMENTARY INFORMATION**

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**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
LEA ORGANIZATION STRUCTURE  
JUNE 30, 2023**

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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.

The Bullis-Purissima Elementary School, located in Santa Clara County, was formed as a nonprofit public benefit corporation on February 13, 2003. The charter school operated by the nonprofit, Bullis Charter School, is numbered by the State Board of Education as Charter No. 0615. The Charter is authorized to operate as a charter school through the Santa Clara County Office of Education. Classes initially began in August 2004. During 2022-23, the Charter served approximately 1,058 students in grades TK to 8.

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**BOARD OF DIRECTORS**

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<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Sanjeev Dutta	Chair	June 30, 2024
Sy Fahimi	Vice President	June 30, 2024
Dorothy An	Secretary	June 30, 2025
Andrea Eyring	CFO & Treasurer	June 30, 2025
Rudolph Araujo	Director	June 30, 2025
Rob Chang	Director	June 30, 2023
Thomas Yih	Director	June 30, 2025
Ben Byron	Director	June 30, 2024

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**ADMINISTRATION**

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Maureen Israel  
*Superintendent & Principal*

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2023**

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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
	<u>Classroom-Based</u>	
<b>Grade Span</b>		
Regular		
Kindergarten* through third	495.34	495.17
Fourth through sixth	354.38	355.14
Seventh through eighth	163.03	162.27
<b>Total Average Daily Attendance - Classroom-Based</b>	<u>1,012.75</u>	<u>1,012.58</u>
	<u>Nonclassroom-Based</u>	
<b>Grade Span</b>		
Regular		
Kindergarten* through third	1.89	1.59
Fourth through sixth	2.43	2.01
Seventh through eighth	0.16	0.24
<b>Total Average Daily Attendance - Nonclassroom-Based</b>	<u>4.48</u>	<u>3.84</u>
<b>Total Average Daily Attendance</b>	<u>1,017.23</u>	<u>1,016.42</u>

\*Includes Transitional Kindergarten (TK)

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE YEAR ENDED JUNE 30, 2023**

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

Grade Level	Minutes Requirement	2022-23 Instructional Minutes	2022-23 Number of Days	Status
Kindergarten*	36,000	40,500	180	Complied
Grade 1	50,400	60,390	180	Complied
Grade 2	50,400	60,390	180	Complied
Grade 3	50,400	60,390	180	Complied
Grade 4	54,000	60,390	180	Complied
Grade 5	54,000	60,390	180	Complied
Grade 6	54,000	71,736	180	Complied
Grade 7	54,000	71,736	180	Complied
Grade 8	54,000	71,736	180	Complied

\*Includes Transitional Kindergarten (TK)

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL  
STATEMENTS  
JUNE 30, 2023**

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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, 2023, fund balance/net position on the Financial Report - Alternative Form (Charter School Unaudited Actuals)	<u>\$ 2,688,316</u>
Adjustments:	
Increase (decrease) in total net assets:	
Client adjustment to payroll fee expenses	<u>24</u>
June 30, 2023, net assets per audited financial statements	<u>\$ 2,688,340</u>

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**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  
The Bullis-Purissima Elementary School  
dba Bullis Charter School  
Los Altos, 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 The Bullis-Purissima Elementary School dba Bullis Charter School (the "Charter") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated December 11, 2023.

**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.

**Report on Compliance and Other Matters**

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*.



## **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.

*Christy White, Inc.*

San Diego, California  
December 11, 2023

**REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL  
OVER COMPLIANCE FOR STATE PROGRAMS**Independent Auditors' Report

To the Board of Directors of  
The Bullis-Purissima Elementary School  
dba Bullis Charter School  
Los Altos, California

**Report on State Compliance****Opinion on State Compliance**

We have audited The Bullis-Purissima Elementary School's compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to The Bullis-Purissima Elementary School's state program requirements for the fiscal year ended June 30, 2023. Reference to The Bullis-Purissima Elementary School within this letter is inclusive of Bullis Charter School (Charter No. 0615).

In our opinion, The Bullis-Purissima Elementary School dba Bullis Charter School complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2023, 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 *2022-23 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 The Bullis-Purissima Elementary 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 The Bullis-Purissima Elementary 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 The Bullis-Purissima Elementary 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 The Bullis-Purissima Elementary 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 judgement made by a reasonable user of the report on compliance about The Bullis-Purissima Elementary 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Bullis-Purissima Elementary 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 The Bullis-Purissima Elementary 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 The Bullis-Purissima Elementary School's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine The Bullis-Purissima Elementary School’s compliance with the state laws and regulations to the following items:

Description	Procedures Performed
<b>School Districts, County Offices of Education and Charter Schools</b>	
California Clean Energy Jobs Act	Not applicable
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
Transitional Kindergarten	Yes
<b>Charter Schools</b>	
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	Not applicable

*\*We did not perform testing of Nonclassroom-Based Instruction/Independent Study because reported average daily attendance (ADA) was not material.*

“Not applicable” is used in the table above to indicate that Bullis Charter School 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 11, 2023

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## **FINDINGS AND QUESTIONED COSTS SECTION**

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**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Financial Statements**

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>None</u>

**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?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2022-23 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>No</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**THE BULLIS-PURISSIMA ELEMENTARY SCHOOL  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2023**

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

<b>FIVE DIGIT CODE</b>	<b>AB 3627 FINDING TYPE</b>
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

**FINANCIAL STATEMENT FINDINGS**

There were no audit findings related to the financial statements for the year ended June 30, 2023.

**STATE AWARD FINDINGS AND QUESTIONED COSTS**

There were no audit findings and questioned costs related to state awards for the year ended June 30, 2023.

**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, 2022.