

**SHANÉL VALLEY ACADEMY**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2025**

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

Shané Valley Academy (Charter No. 2117)

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Shanél Valley Academy  
Hopland, California

**Report on the Financial Statements****Opinion**

We have audited the accompanying financial statements of Shanél Valley Academy which comprise the statement of financial position as of June 30, 2025, 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 Shanél Valley Academy as of June 30, 2025, 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 Shanél Valley Academy 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 Shanél Valley Academy'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 Shanél Valley Academy'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 Shanél Valley Academy'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 15, 2025, on our consideration of Shanél Valley Academy'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 Shanél Valley Academy'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 Shanél Valley Academy's internal control over financial reporting and compliance.

*Christy White, Inc.*

San Diego, California  
December 15, 2025

**SHANÉL VALLEY ACADEMY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2025**

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**ASSETS**

Current assets	
Cash and cash equivalents	\$ 501,985
Accounts receivable	334,337
Prepaid expenses	178
Total current assets	<u>836,500</u>
Capital assets	
Property and equipment	724,267
Less accumulated depreciation	<u>(309,381)</u>
Capital assets, net	414,886
<b>Total Assets</b>	<b><u>\$ 1,251,386</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable	\$ 212,550
Deferred revenue	112,848
Loans payable	318,126
Total liabilities	<u>643,524</u>
Net assets	
Without donor restrictions	<u>607,862</u>
Total net assets	607,862
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,251,386</u></b>

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

**SHANÉL VALLEY ACADEMY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

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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	\$ 1,205,476
Federal revenues	416,649
Other state revenues	939,293
Total federal and state support and revenues	<u>2,561,418</u>
Local support and revenues	
Payments in lieu of property taxes	369,197
Grants and donations	93,500
Investment income, net	4,198
Other local revenues	56,965
Total local support and revenues	<u>523,860</u>
<b>Total Support and Revenues</b>	<u>3,085,278</u>
<b>EXPENSES</b>	
Program services	2,519,032
Management and general	481,961
<b>Total Expenses</b>	<u>3,000,993</u>
<b>CHANGE IN NET ASSETS</b>	<u>84,285</u>
<b>Net Assets - Beginning</b>	<u>523,577</u>
<b>Net Assets - Ending</b>	<u>\$ 607,862</u>

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

**SHANÉL VALLEY ACADEMY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2025**

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	Program Services	Management and General	Total
<b>EXPENSES</b>			
Personnel expenses			
Certificated salaries	\$ 868,496	\$ 22,211	\$ 890,707
Non-certificated salaries	729,600	15,150	744,750
Pension plan contributions	232,075	9,670	241,745
Payroll taxes	101,278	9,755	111,033
Other employee benefits	219,571	2,303	221,874
Total personnel expenses	<u>2,151,020</u>	<u>59,089</u>	<u>2,210,109</u>
Non-personnel expenses			
Books and supplies	97,975	4,878	102,853
Insurance	-	94,008	94,008
Facilities	17,633	73,862	91,495
Professional services	123,135	183,160	306,295
Interest expense	-	16,626	16,626
Depreciation	101,014	33,671	134,685
Fees to authorizing agency	-	15,754	15,754
Other operating expenses	28,255	913	29,168
Total non-personnel expenses	<u>368,012</u>	<u>422,872</u>	<u>790,884</u>
<b>Total Expenses</b>	<u>\$ 2,519,032</u>	<u>\$ 481,961</u>	<u>\$ 3,000,993</u>

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

**SHANÉL VALLEY ACADEMY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2025**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 84,285
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	134,685
Donated rent	(13,000)
(Increase) decrease in operating assets	
Accounts receivable	432,949
Prepaid expenses	5,775
Increase (decrease) in operating liabilities	
Accounts payable	(159,907)
Deferred revenue	76,895
<b>Net cash provided by (used in) operating activities</b>	<u>561,682</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of capital assets	<u>(89,859)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Draws or proceeds from loans payable	22,196
Principal payments on loans payable	<u>(316,906)</u>
<b>Net cash provided by (used in) financing activities</b>	<u>(294,710)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	177,113
<b>Cash and cash equivalents - Beginning</b>	<u>324,872</u>
<b>Cash and cash equivalents - Ending</b>	<u>\$ 501,985</u>
<b>SUPPLEMENTAL DISCLOSURE</b>	
Cash paid for interest	<u>\$ 16,626</u>

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

**SHANÉL VALLEY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Shanél Valley Academy (the “Organization”) was formed as a nonprofit public benefit corporation on July 21, 2020 under the name Sanel Valley Academy. In March 2021, amended articles of incorporation were filed to change the name to Shanél Valley Academy. The purpose of the nonprofit organization is to operate as a California public school located in Mendocino County. The charter school, under the same name, is numbered by the State Board of Education as California Charter No. 2117. The Charter’s mission is to restore education to the Hopland community as it is essential to a thriving future for the Hopland students, families, and the greater community. During the year ended June 30, 2025, Shanél Valley Academy served grades TK to 6. In addition to charter school operations, the Charter also operated a preschool, Shanél Valley Early Learning Center, beginning in the 2023-24 fiscal year.

Shanél Valley Academy is authorized to operate as a charter school through the Ukiah Unified School District (the “authorizing agency”). The Board of Directors of Ukiah Unified School District approved a charter petition for a five-year term beginning July 1, 2021 and expiring on June 30, 2026. As a result of SB 114, the charter petition end date is extended to June 30, 2027. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

**B. Basis of Accounting**

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

**C. Financial Statement Presentation**

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

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

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

As a public charter school, Shanél Valley Academy 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.

**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.

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

**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 Shanél Valley Academy. 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**

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

**I. Investments**

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

**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.

**SHANÉL VALLEY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2025**

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

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

Based on review of these factors, the Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2025, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

**K. Capital Assets**

ShanéL Valley Academy 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. Lease Arrangements**

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

**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). 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.

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.

**SHANÉL VALLEY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2025**

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

**O. Income Taxes**

Shanél Valley Academy 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 Organization is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, the Organization is not required to register with the California Attorney General as a charity.

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

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents, as of June 30, 2025, consists of the following:

Cash in county treasury	\$ 96,236
Cash in banks, non-interest bearing	405,749
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 501,985</u></b>

**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. Shanél Valley Academy 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, 2025, \$202,393 of the Shanél Valley Academy’s bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts at any one insured bank.

**Cash in County Treasury**

**Policies and Practices**

Shanél Valley Academy 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.

**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 Mendocino County Treasury Investment Pool, which combines the Charter’s share of the portfolio, has a combined fair value of \$97,416 and an amortized book value of \$96,236 as of June 30, 2025. The average weighted maturity for this pool is 456 days.

**SHANÉL VALLEY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2025**

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**NOTE 2 – CASH AND CASH EQUIVALENTS (continued)**

**Cash in County Treasury (continued)**

**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:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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

**Fair Value Measurement**

Cash in county treasury is measured at Level 1 using the fair value input levels noted in Note 1N. The Charter has classified these funds as Level 1 because the amounts invested in the county treasury pooled investment fund primarily consist of investments types having observable inputs that reflect quoted prices. The investment types include those noted under the general authorizations section.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2025, consists of the following:

Local control funding sources, state aid	\$ 45,294
Federal sources	111,891
Other state sources	161,056
Local sources	16,096
<b>Total Accounts Receivable</b>	<b><u>\$ 334,337</u></b>

**SHANÉL VALLEY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2025**

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**NOTE 4 – CAPITAL ASSETS**

A summary of activity related to capital assets during the year ended June 30, 2025 consists of the following:

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Property and equipment				
Building Improvements	\$ 573,020	\$ -	\$ -	\$ 573,020
Equipment	61,388	70,727	-	132,115
Construction in progress	-	19,132	-	19,132
Total property and equipment	<u>634,408</u>	<u>89,859</u>	<u>-</u>	<u>724,267</u>
Less accumulated depreciation	(174,696)	(134,685)	-	(309,381)
<b>Capital Assets, net</b>	<u>\$ 459,712</u>	<u>\$ (44,826)</u>	<u>\$ -</u>	<u>\$ 414,886</u>

**NOTE 5 – ACCOUNTS PAYABLE**

Accounts payable as of June 30, 2025, consists of the following:

Vendor payables	\$ 98,301
Due to grantor government	37,871
Salaries and benefits	52,818
Due to authorizing agency	15,752
Credit card liability	7,808
<b>Total Accounts Payable</b>	<u>\$ 212,550</u>

**NOTE 6 – DEFERRED REVENUE**

Deferred revenue as of June 30, 2025, consists of the following:

State sources	\$ 87,216
Local sources	25,632
<b>Total Deferred Revenue</b>	<u>\$ 112,848</u>

**NOTE 7 – LOANS PAYABLE**

A summary of activity related to loans payable during the year ended June 30, 2025 consists of the following:

	Balance July 1, 2024	Draws	Payments	Balance June 30, 2025
Charter revolving loan	\$ 124,996	\$ -	\$ 62,500	\$ 62,496
Line of credit	487,840	-	251,901	235,939
Vehicle loan	-	22,196	2,505	19,691
<b>Total Loans Payable</b>	<u>\$ 612,836</u>	<u>\$ 22,196</u>	<u>\$ 316,906</u>	<u>\$ 318,126</u>

**SHANÉL VALLEY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2025**

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**NOTE 7 – LOANS PAYABLE (continued)**

**Charter Revolving Loan**

The Charter was approved to borrow \$250,000 through the Charter Revolving Loan Fund Program administered by the California School Finance Authority (CSFA). The Charter received \$100,000 in proceeds in August 2021 and another \$150,000 in January 2022. The loan is to be repaid over a five-year period with payments beginning in August 2022 and ending January 2026. The revolving note bears an annualized interest rate equal to the “prime rate” of 0.23%. As of June 30, 2025, \$62,496 remained outstanding. Future repayment obligations include payments of principal and interest totaling \$62,605 due in the fiscal year ending June 30, 2026.

**Line of Credit**

In July 2021, the Charter entered into a promissory note for a line of credit borrowing of \$250,000. The note bears a variable interest rate of no less than 4.00%. The original promissory note had a maturity date of July 23, 2022 and was subsequently extended to January 23, 2024. On February 5, 2024, the promissory note was extended again with a maturity date of January 23, 2025. On August 12, 2022, the Charter entered into an additional promissory note for \$250,000. The note bears a 2% interest rate per annum. The original promissory note had a maturity date of August 12, 2023 and was extended for an additional two years to August 12, 2025. As of June 30, 2025, there is an outstanding balance of \$235,939.

**Vehicle Loan**

In October 2024, the Charter acquired a van financed through a loan in the amount of \$22,196. The loan is payable over a five-year term ending in October 2029 and annual interest rate of 7.65%. During the fiscal year ended June 30, 2025, the Charter made principal and interest payments totaling \$2,505. As of June 30, 2025, the outstanding principal balance was \$19,691. Future minimum payments under the loan agreement are as follows:

<u>Fiscal Year Ending June 30,</u>		
2026	\$	5,356
2027		5,356
2028		5,356
2029		5,356
2030		1,775
Total payments		<u>23,199</u>
Less: Interest		<u>3,508</u>
<b>Total</b>	<b>\$</b>	<b><u>19,691</u></b>

**NOTE 8 – NET ASSETS**

As of June 30, 2025, the Organization 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 Organization. At June 30, 2025, the Organization’s net assets without donor restrictions consists of the following:

Net investment in capital assets	\$	414,886
Undesignated		<u>192,976</u>
<b>Total Net Assets without Donor Restrictions</b>	<b>\$</b>	<b><u>607,862</u></b>

**SHANÉL VALLEY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2025**

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

The table on the following page reflects the Organization’s financial assets as of June 30, 2025, 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. Shanél Valley Academy maintains a line of credit (as mentioned in Note 7) which has been further drawn upon to ensure financial assets are available as general expenditures and other obligations become due.

Financial Assets	
Cash and cash equivalents	\$ 501,985
Accounts receivable	334,337
Prepaid expenses	<u>178</u>
Contractual or donor-imposed restrictions	
Cash restricted by others for specific uses	<u>(112,848)</u>
<b>Financial Assets available to meet cash needs for expenditures within one year</b>	<b><u>\$ 723,652</u></b>

**NOTE 10 – EMPLOYEE RETIREMENT PLAN**

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). The Charter offers social security as an alternative plan to all employees who do not qualify for CalSTRS. Additional information about the CalSTRS plan is as follows:

**Plan Description**

Shanél Valley Academy 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 annual comprehensive financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275.

**Funding Policy**

Active plan members are required to contribute 10.25% or 10.205% of their 2024-25 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2024-25 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter’s contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2024-25	\$ 165,525	100%
2023-24	\$ 162,022	100%
2022-23	\$ 126,123	100%

**SHANÉL VALLEY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2025**

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

**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 Shanél Valley Academy is estimated at \$76,220. The on-behalf payment amount is computed as the proportionate share of total 2023-24 State on-behalf contributions.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**Charter School Authorization**

As mentioned in Note 1A, Shanél Valley Academy is approved to operate as a public charter school through authorization by the Ukiah Unified 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 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, 2027.

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 \$15,754 for the fiscal year ending June 30, 2025.

**Governmental Funds**

Shanél Valley Academy 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.

**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, 2025.

**NOTE 12 – DONATED GOODS AND SERVICES**

During the year, many parents, administrators and other individuals donated significant amounts of time and services to Shanél Valley Academy 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 fiscal year ended June 30, 2025.

**NOTE 13 – SUBSEQUENT EVENTS**

Shanél Valley Academy has evaluated subsequent events for the period from June 30, 2025 through December 15, 2025, the date the financial statements were available to be issued. 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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**SHANÉL VALLEY ACADEMY**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2025**

	Charter No.	2117		
		ShanéL Valley Academy	ShanéL Valley Early Learning Center	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents		\$ 466,485	\$ 35,500	\$ 501,985
Accounts receivable		332,891	1,446	334,337
Prepaid expenses		178	-	178
Total current assets		<u>799,554</u>	<u>36,946</u>	<u>836,500</u>
Capital assets				
Property and equipment		705,135	19,132	724,267
Less accumulated depreciation		<u>(309,381)</u>	<u>-</u>	<u>(309,381)</u>
Capital assets, net		<u>395,754</u>	<u>19,132</u>	<u>414,886</u>
Total noncurrent assets		<u>395,754</u>	<u>19,132</u>	<u>414,886</u>
<b>Total Assets</b>		<u>\$ 1,195,308</u>	<u>\$ 56,078</u>	<u>\$ 1,251,386</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable		\$ 212,550	\$ -	\$ 212,550
Deferred revenue		91,056	21,792	112,848
Loans payable		318,126	-	318,126
Total liabilities		<u>621,732</u>	<u>21,792</u>	<u>643,524</u>
Net assets				
Without donor restrictions		<u>573,576</u>	<u>34,286</u>	<u>607,862</u>
Total net assets		<u>573,576</u>	<u>34,286</u>	<u>607,862</u>
<b>Total Liabilities and Net Assets</b>		<u>\$ 1,195,308</u>	<u>\$ 56,078</u>	<u>\$ 1,251,386</u>

**SHANÉL VALLEY ACADEMY  
COMBINING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

	Charter No.		Total
	2117	Shané Valley Early Learning Center	
	Shané Valley Academy		
<b>WITHOUT DONOR RESTRICTIONS</b>			
<b>SUPPORT AND REVENUES</b>			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 1,205,476	\$ -	\$ 1,205,476
Federal revenues	416,649	-	416,649
Other state revenues	831,228	108,065	939,293
Total federal and state support and revenues	<u>2,453,353</u>	<u>108,065</u>	<u>2,561,418</u>
Local support and revenues			
Payments in lieu of property taxes	369,197	-	369,197
Grants and donations	74,368	19,132	93,500
Investment income, net	4,198	-	4,198
Other local revenues	41,766	15,199	56,965
Total local support and revenues	<u>489,529</u>	<u>34,331</u>	<u>523,860</u>
<b>Total Support and Revenues</b>	<u>2,942,882</u>	<u>142,396</u>	<u>3,085,278</u>
<b>EXPENSES</b>			
Program services	2,439,346	79,686	2,519,032
Management and general	460,491	21,470	481,961
<b>Total Expenses</b>	<u>2,899,837</u>	<u>101,156</u>	<u>3,000,993</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	43,045	41,240	84,285
<b>Net Assets - Beginning</b>	<u>530,531</u>	<u>(6,954)</u>	<u>523,577</u>
<b>Net Assets - Ending</b>	<u>\$ 573,576</u>	<u>\$ 34,286</u>	<u>\$ 607,862</u>

**SHANÉL VALLEY ACADEMY  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2025**

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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	72.33	72.37
Fourth through sixth	38.43	38.27
<b>Total Average Daily Attendance - Classroom-Based</b>	<u>110.76</u>	<u>110.64</u>
<u>Nonclassroom-Based</u>		
<b>Grade Span</b>		
Regular		
Kindergarten* through third	2.19	1.94
Fourth through sixth	0.99	0.96
<b>Total Average Daily Attendance - Nonclassroom-Based</b>	<u>3.18</u>	<u>2.90</u>
<b>Total Average Daily Attendance</b>	<u>113.94</u>	<u>113.54</u>

\*Includes Transitional Kindergarten (TK)

**SHANÉL VALLEY ACADEMY  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE YEAR ENDED JUNE 30, 2025**

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

Grade Level	Minutes Requirement	2024-25 Instructional Minutes	2024-25 Number of Days	Status
Kindergarten*	36,000	61,115	175	Complied
Grade 1	50,400	52,365	175	Complied
Grade 2	50,400	52,365	175	Complied
Grade 3	50,400	52,365	175	Complied
Grade 4	54,000	58,170	175	Complied
Grade 5	54,000	58,170	175	Complied
Grade 6	54,000	58,170	175	Complied

\*Includes Transitional Kindergarten (TK)

**SHANÉL VALLEY ACADEMY  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL  
STATEMENTS  
JUNE 30, 2025**

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

June 30, 2025, fund balance/net position on the Financial Report - Alternative Form (Charter School Unaudited Actuals)	<u>\$ 562,006</u>
Adjustments:	
Increase (decrease) in total net assets:	
Closing adjustment to accrue expenses	144,505
Closing adjustment to accrue revenues	<u>(98,649)</u>
Net adjustments	<u>45,856</u>
June 30, 2025, net assets per audited financial statements	<u>\$ 607,862</u>

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## **OTHER INFORMATION**

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**SHANÉL VALLEY ACADEMY  
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
 JUNE 30, 2025**

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

Shané Valley Academy, located in Mendocino County, was formed as a nonprofit public benefit corporation on July 21, 2020. The charter school operated by the nonprofit, also named Shanél Valley Academy, is numbered by the State Board of Education as Charter No. 2117. The charter school is authorized by the Ukiah Unified School District. Classes began in September 2021. During 2024-25, Shanél Valley Academy served 124 students in grades TK to 6.

**BOARD OF DIRECTORS**

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<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Amy Frost	President	September 30, 2026
Melea Meyer	Secretary	September 30, 2026
Noshie Merlin	Member	May 31, 2027
Bessie Glossenger	Member	September 30, 2025

**ADMINISTRATION**

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Kristi McCullough  
*Principal*

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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  
Shanél Valley Academy  
Hopland, 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 Shanél Valley Academy (the "Organization") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Organization's financial statements and have issued our report thereon December 15, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 15, 2025

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

To the Board of Directors of  
Shanél Valley Academy  
Hopland, California

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

We have audited Shanél Valley Academy's compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to Shanél Valley Academy's state program requirements for the fiscal year ended June 30, 2025.

In our opinion, Shanél Valley Academy complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2025, 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 *2024-25 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 Shanél Valley Academy 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 Shanél Valley Academy'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 Shanél Valley Academy'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 Shanél Valley Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists.

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

The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user of the report on compliance about Shanél Valley Academy’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 Shanél Valley Academy’s compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Shanél Valley Academy’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 Shanél Valley Academy’s internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine Shanél Valley Academy’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>	
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	Not applicable
Expanded Learning Opportunities Grant (ELO-G)	Not applicable
Career Technical Education Incentive Grant	Not applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	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 procedures over Nonclassroom-Based Instruction/Independent Study because reported ADA was not material.*

“Not applicable” is used in the table above to indicate that the 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.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the K-12 Audit Guide and which are described in the accompanying schedule of findings and questioned costs as Findings 2025-001. Our opinion on state compliance is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Shanél Valley Academy's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs as the corrective action plan. Shanél Valley Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **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 15, 2025

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## **FINDINGS AND QUESTIONED COSTS SECTION**

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**SHANÉL VALLEY ACADEMY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2025**

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**PART I – SUMMARY OF AUDITORS’ RESULTS**

**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>No</u>

**Federal Awards**

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

**State Awards**

Internal control over state programs:	
Material weakness(es) identified?	<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 <i>2024-25 Guide for Annual Audits of California K-12 Local Education Agencies ?</i>	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

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

<u>FIVE DIGIT CODE</u>	<u>AB 3627 FINDING TYPE</u>
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, 2025.

**SHANÉL VALLEY ACADEMY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
 FOR THE YEAR ENDED JUNE 30, 2025**

**PART III – STATE AWARD FINDINGS AND QUESTIONED COSTS**

**FINDING 2025-001: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**

**Criteria:** Students classified as free or reduced-price meal eligible (FRPM) and who are not directly certified should be included in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report and must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the 2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

**Condition:** During the charter’s internal review, it was noted six (6) newly enrolled students were not included in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified FRPM. This issue was detected after the amendment window

**Effect:** The Charter did not properly report the full FRPM student population as required by applicable State requirements.

**Cause:** In February 2025, after the Fall 1 Amendment Window Deadline, the Charter discovered that Alternative Income Forms for several newly enrolled students had not been entered into CALPADS. As a result, these students were recorded with a blank status rather than their correct free or reduced-price meal eligibility. The error was identified promptly after discovery, but unfortunately after the CDE’s reporting amendment window had closed.

**Questioned Costs:** The total calculated adjustment would be an increase in funding of \$16,722 as calculated below.

<b>UPP Audit Adjustment</b>		
<b>Item Number</b>	<b>Calculating the Cost of LCFF Unduplicated Pupil Count Audit Finding</b>	<b>Data Input and Calculated Fields</b>
1	Total Adjusted Enrollment from the UPP exhibit as of P-2	371
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	272
3	Audit Adjustment - Number of Enrollment	-
4	Audit Adjustment - Number of Unduplicated Pupil Count	6
5	Revised Adjusted Enrollment	371
6	Revised Adjusted Unduplicated Pupil Count	278
7	UPP calculated as of P-2	0.7332
8	Revised UPP for audit finding	0.7493
9	<b>Charter Schools Only:</b> Determinative School District Concentration Cap	<b>0.8088</b>
10	Revised UPP adjusted for Concentration Cap	<b>0.7493</b>
11	Supplemental and Concentration Grant TK/K–3 ADA	74.35
12	Supplemental and Concentration Grant 4–6 ADA	39.21
13	Supplemental and Concentration Grant 7–8 ADA	0.00
14	Supplemental and Concentration Grant 9–12 ADA	0.00
15	Adjusted Base Grant per TK/K–3 ADA	\$11,068
16	Adjusted Base Grant per 4–6 ADA	\$10,177
17	Adjusted Base Grant per 7–8 ADA	\$10,478
18	Adjusted Base Grant per 9–12 ADA	\$12,460
19	Supplemental Grant Funding calculated as of P-2	\$179,186
20	Revised Supplemental Grant Funding for audit finding	\$183,121
21	Supplemental Grant Funding audit adjustment	<b>\$3,935</b>
22	Concentration Grant Funding calculated as of P-2	\$145,510
23	Revised Concentration Grant Funding for audit finding	\$158,297
24	Concentration Grant Funding audit adjustment	<b>\$12,787</b>
25	Total Supplemental and Concentration audit adjustment	<b>\$16,722</b>

**SHANÉL VALLEY ACADEMY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2025**

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**PART III – STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)**

**FINDING 2025-001: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)  
(continued)**

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend that the charter school ensures all newly enrolled student are included in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report and there is a review process in place prior to submitting the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report.

**Corrective Action Plan:** The Charter acknowledges the audit finding related to missing meal status forms for newly enrolled students and recognizes the importance of timely collection and documentation to ensure compliance with state and federal program requirements. Effective immediately, the Charter will incorporate meal status form collection into its beginning-of-year documentation checklist, designate responsible staff to verify receipt and upload documentation to its third-party support providers (EdTec and School & Food Wellness) within a defined timeframe following enrollment and the start of the school year. The Charter will also conduct formal internal reviews with identified staff to ensure all student records are complete. Additionally, the Charter will develop a revised, compliant policy for the 2025–26 school year that aligns enrollment procedures and data collection with nutrition program requirements, including Sun Buck eligibility and CEP-related processes and documentation, to prevent recurrence of this issue.

**SHANÉL VALLEY ACADEMY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

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This section presents the status of actions taken by the Organization on each of the findings and recommendations reported in the prior year audit; however, there were no audit findings reported in the year ended June 30, 2024.