

CANYON CREST ACADEMY FOUNDATION, INC.
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6-10

Gregory V. Villard

CERTIFIED PUBLIC ACCOUNTANT

7844 LA MESA BOULEVARD
LA MESA, CA 91942
619-589-5472
619-589-5245 - FAX
info@gregvillardcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Members
Canyon Crest Academy Foundation, Inc.

Opinion

I have audited the accompanying financial statements of Canyon Crest Academy Foundation, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canyon Crest Academy Foundation, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Canyon Crest Academy Foundation, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis as Matter

As discussed in Note 2 to the financial statements, these financial statements reflect the financial position, results of operation, and cash flows for Canyon Crest Academy Foundation as a separate legal entity rather than as a component unit of the San Dieguito Union High School District. San Dieguito Union High School District was audited by another accounting firm who included the financial position, results of operation, and cash flows for Canyon Crest Academy Foundation as a component unit of the San Diego Union High School District audit. My 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Canyon Crest Academy Foundation, Inc.'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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 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, including omissions, 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.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 Canyon Crest Academy Foundation, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Canyon Crest Academy Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Gregory V. Villard

La Mesa, California
November 16, 2022

CANYON CREST ACADEMY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets:			
Cash & Cash Equivalents	\$ 417,237	\$ 660,078	\$ 1,077,315
Certificates of Deposit	622,501	-	622,501
Investments	358,648	-	358,648
Other Receivables	8,656	-	8,656
Other Prepaid Expenses	1,808	-	1,808
Total Current Assets	<u>1,408,850</u>	<u>660,078</u>	<u>2,068,928</u>
Property & Equipment:			
Furniture, Fixtures, & Equipment	4,143	-	4,143
Computer Software	1,320	-	1,320
Total Property & Equipment	<u>5,463</u>	<u>-</u>	<u>5,463</u>
Less Accumulated Depreciation	<u>(5,463)</u>	<u>-</u>	<u>(5,463)</u>
Net Property & Equipment	-	-	-
Other Assets			
Organization Costs	500	-	500
Less Accumulated Amortization	<u>(500)</u>	<u>-</u>	<u>(500)</u>
Net Other Assets	-	-	-
Total Assets	<u>\$ 1,408,850</u>	<u>\$ 660,078</u>	<u>\$ 2,068,928</u>

LIABILITIES AND NET ASSETS

Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 111,557	\$ -	\$ 111,557
Unearned and Deferred Revenue	307,003	-	307,003
Retirement Plan Payable	1,372	-	1,372
Security Deposit	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Current Liabilities	<u>429,932</u>	<u>-</u>	<u>429,932</u>
Total Liabilities	429,932	-	429,932
Net Assets			
Without Donor Restrictions	978,918	-	978,918
With Donor Restrictions	<u>-</u>	<u>660,078</u>	<u>660,078</u>
Total Net Assets	<u>978,918</u>	<u>660,078</u>	<u>1,638,996</u>
Total Liabilities and Net Assets	<u>\$ 1,408,850</u>	<u>\$ 660,078</u>	<u>\$ 2,068,928</u>

See accompanying notes and independent auditor's report.

CANYON CREST ACADEMY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Contributed Support	\$ 173,282	\$ 517,186	\$ 690,468
Special Events	136,970	1,463	138,433
Program Revenue	434,502	426,692	861,194
Interest & Gain (Loss) on Investments	(36,429)	-	(36,429)
PPP Loan Revenue	33,670	-	33,670
Net assets released from restrictions & adjustments	859,049	(859,049)	-
 Total Support and Revenue	 1,601,044	 86,292	 1,687,336
 EXPENSES			
Academics	39,691	-	39,691
Athletics	375,693	-	375,693
Envision	126,298	-	126,298
Counseling, College Career Center	22,146	-	22,146
Stem	114,132	-	114,132
Special Events	22,540	-	22,540
General & Administrative	56,021	-	56,021
Salaries & Related Expenses	192,787	-	192,787
Grad Night	37,423	-	37,423
Other Program Expenses	441,060	-	441,060
 Total Expenses	 1,427,791	 -	 1,427,791
 Change in Net Assets	 173,253	 86,292	 259,545
 Net Assets			
Beginning of year	805,665	573,786	1,379,451
End of year	\$ 978,918	\$ 660,078	\$ 1,638,996

See accompanying notes and independent auditor's report.

CANYON CREST ACADEMY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets	\$ 173,253	\$ 86,292	\$ 259,545
Reconciliation to net cash provided by (used in) operating activities:			
(Increase) decrease in operating assets			
Investments	78,956	-	78,956
Other Receivables	(8,327)	-	(8,327)
Prepaid Camp Expenses	2,078	-	2,078
Deposit	1,000	-	1,000
other prepaid expenses	1,794	-	1,794
Increase (decrease) in operating liabilities	59,257	-	59,257
Accounts Payable and Accrued Expenses	103,418	-	103,418
Unearned and Deferred Revenue	102	-	102
Retirement Plan Payable	(33,672)	-	(33,672)
Net cash provided by (used in) operating activities	377,859	86,292	464,151
Increase (Decrease) in Cash and Cash Equivalents	\$ 377,859	\$ 86,292	\$ 464,151
Cash and Cash Equivalents			
Beginning of year	661,879	573,786	1,235,665
End of year	\$ 1,039,738	\$ 660,078	\$ 1,699,816

See accompanying notes and independent auditor's report.

CANYON CREST ACADEMY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Special Events	\$ 37,423	\$ -	\$ 22,540	\$ 59,963
Other Program Expenses	450,171	-	-	450,171
Salaries & Related Expenses	262,390	84,826	-	347,216
Academic	37,606	-	-	37,606
Counseling, College Career Center	18,437	-	-	18,437
Non-Employee Compensation	149,804	-	-	149,804
Equipment, Supplies, Uniforms	166,080	-	-	166,080
Tournaments, Conferences & Travel	129,633	-	-	129,633
Officials & Trainers	12,860	-	-	12,860
Management & General Expenses	31,446	24,575	-	56,021
Total Expenses	\$1,295,850	\$ 109,401	\$ 22,540	\$ 1,427,791

See accompanying notes and independent auditor's report.

CANYON CREST ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. NATURE OF ORGANIZATION

Canyon Crest Academy Foundation, Inc. (“the Organization”) was incorporated on March 10, 2004, under the general non-profit laws of the State of California. The mission of the Organization is to partner with students, parents, and staff to facilitate community involvement and provide financial support for the Canyon Crest Academy’s educational programs and priorities. Located in San Diego, California, the Organization solicits funds from businesses, parents, and the educational community for high school programs including academics, arts, athletics, and technology.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Organization utilizes the accrual method of accounting for financial statement presentation, in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Revenue from donations, fundraisers, etc. are available for general use unless specifically restricted by the donor. Other than promises to give, revenues from donations are not recognized until received.

Donated Services

A number of businesses and unpaid volunteers have made significant contributions of time to the Organization’s fundraising and operations. Contributed services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Basis of Presentation

These financial statements reflect the financial position, results of operation, and cash flows for Canyon Crest Academy Foundation as a separate legal entity rather than as a component unit of the San Dieguito Union High School District.

The financial statements of the Organization have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

CANYON CREST ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restriction, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net asset without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Investments

Investments in all debt securities and equity securities with readily determinable market values are recorded at fair market values in the Statement of Financial Position. Realized and unrealized gains and losses are included in the accompanying Statement of Activities and Changes in Net Assets. Fair market value is determined from quoted market prices.

Property and Equipment

Office furniture, fixtures, and equipment have been recorded at cost if purchased or at fair market value at the time of donation. The Organization's policy is to capitalize acquisitions of property and equipment in excess of \$500. Depreciation is provided over the estimated useful lives of the respective depreciable assets on a straight-line basis.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents.

Income Tax Status

The Organization has qualified for tax-exempt status under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Organization has also been classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 170(c)(2). Income for certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been made in the accompanying financial statements since there is no unrelated business activity.

CANYON CREST ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The Organization recognizes the financial statement benefit of tax positions, such as its income tax exempt filing status, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022:

Stem	\$110,512
Athletics	319,410
Envision	<u>230,156</u>
Total	<u>\$660,078</u>

A summary of donor restricted net assets is as follows:

Balance – June 30, 2021	\$573,786
Current year net income	<u>86,292</u>
Balance – June 30, 2022	<u>\$660,078</u>

Satisfaction of purpose restriction & adjustments:

Stem	\$156,594
Athletics	531,821
Envision	<u>170,634</u>
Total	<u>\$859,049</u>

CANYON CREST ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5. FAIR VALUE MEASUREMENTS

Fair values are measured along the following criteria:

- Level 1 input: Quoted prices in active markets for identical assets
- Level 2 input: Significant observable inputs
- Level 3 input: Significant unobservable inputs

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents: The carrying amount approximates fair value because of the short maturities.
- Certificates of deposit: The fair value of certificates of deposit is determined based on quoted market prices.

Fair values of the Organization's financial instruments at June 30, 2022 are as follows, and all values are classified as Level 1 inputs:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:		
Cash and Cash Equivalents	\$1,077,315	\$1,077,315
Certificates of Deposit	662,501	662,501
Investments	358,648	352,721

NOTE 6. CORONAVIRUS (COVID-19)

On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus (COVID-19) a global pandemic. As a result, uncertainties have arisen which may negatively impact the Association's operational and financial performances. The extent of the impact and duration of the COVID-19 pandemic on the Association will depend on future developments and are unknown at this time.

NOTE 7. PPP LOAN PAYABLE

To financially assist businesses and not-for-profit organizations who were affected by coronavirus issues, the Federal government established the Payroll Protection Program (PPP) administered through the Small Business Administration. The Organization applied for a PPP loan in the prior year and received \$33,672. The Organization applied for forgiveness for this loan and was granted forgiveness in February 2021. During the current year, the Organization applied for a second PPP loan and received an additional \$33,670. In September 2021, the Organization was granted forgiveness on this second PPP loan.

CANYON CREST ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year end	\$2,068,928
Less those unavailable for general expenditures within one year due to:	
Donor restricted to Stem Funds	(110,512)
Donor restricted for Athletics	(319,410)
Donor restricted to Envision	<u>(230,156)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,408,850</u>

NOTE 9. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 16, 2022.