WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS

Intellectual Virtues Academy of Long Beach

Charters #1504, #1814

Financial Statements
June 30, 2025

https://whkcpa.com

Table of Contents

WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS

BRIAN K. HADLEY, CPA
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Independent Auditor's Report

To the Board of Directors
Intellectual Virtues Academy of Long Beach

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Intellectual Virtues Academy of Long Beach (a nonprofit organization), 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 Intellectual Virtues of Long Beach 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Intellectual Virtues Academy of Long Beach and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Intellectual Virtues Academy of Long Beach's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinions. 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 GAAS 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.

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In performing an audit in accordance with GAAS 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 Intellectual Virtues Academy of Long Beach 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 Intellectual Virtues Academy of Long Beach'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 opinions on the financial statements that collectively comprise Intellectual Virtues Academy of Long Beach financial statements.

The accompanying consolidating financial statements by school and additional accompanying supplementary information, as identified in the Table of Contents and as required by the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole, except as noted on the schedules.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Other Information section of the report, as identified in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of Intellectual Virtues Academy of Long Beach'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 Intellectual Virtues Academy of Long Beach'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 Intellectual Virtues Academy of Long Beach's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 12, 2025

Financial Statements

Consolidated Statement of Financial Position

June 30, 2025

Assets	
Cash and cash equivalents	$ 2,800,606
Accounts receivable	715,530
Prepaid expenses	50,798
Security deposits	3,100
Property and equipment, net	239,394
Right-of-use assets, operating leases	
Facilities and equipment	1,984,187
Accumulated amortization	(1,205,569)
Total Assets	$ 4,588,046
Liabilities and Net Assets	
Liabilities	
Accounts payable - vendors	$ 50,967
Accounts payable - grantor governments	463,629
Accrued payroll liabilities	130,798
Unearned revenue	512,675
Operating leases payable	826,341
Total Liabilities	1,984,410
Net Assets	
Without donor restrictions	
Undesignated	2,356,889
Invested in property and equipment, net of related debt	239,394
	2,596,283
With donor restrictions	
Restricted for federal programs	7,353
	7,353
Total Net Assets	2,603,636
Total Liabilities and Net Assets	$ 4,588,046

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF) sources			
State aid	$ 3,092,875	$ -	$ 3,092,875
Education protection account state aid	67,272	-	67,272
Transfers in lieu of property taxes	991,209	-	991,209
Total LCFF sources	4,151,356	-	4,151,356
Federal contracts and grants	-	267,881	267,881
State contracts and grants	109,241	991,133	1,100,374
Local contracts and grants	64,946	-	64,946
Donations and fundraising	53,683	-	53,683
Interest income and FMV adjustment	97,797	-	97,797
Net assets released from restriction -			
Grant restrictions satisfied	1,259,014	(1,259,014)	-
Total revenue, support, and gains	5,736,037	-	5,736,037
Expenses and Losses			
Program services expense	4,149,922	-	4,149,922
Supporting services expense	1,685,164	-	1,685,164
Total expenses and losses	5,835,086	-	5,835,086
Change in Net Assets	(99,049)	-	(99,049)
Net Assets, Beginning of Year	2,695,332	7,353	2,702,685
Net Assets, End of Year	$ 2,596,283	$ 7,353	$ 2,603,636

Intellectual Virtues Academy of Long Beach

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services	Supporting Services		
	Educational Programs	Management and General	Fundraising and Development	Total
Salaries and wages	$ 1,728,601	$ 955,024	$ -	$ 2,683,625
Pension expense	223,220	113,909	-	337,129
Other employee benefits	276,532	156,744	-	433,276
Payroll taxes	76,466	44,157	-	120,623
Fees for services:				
Business services	-	134,945	-	134,945
Legal	-	10,335	-	10,335
Audit	-	11,850	-	11,850
Professional consulting and instructional services	91,939	11,960	-	103,899
District oversight	-	41,519	-	41,519
Banking, financial, and payroll services	-	16,659	-	16,659
Advertising and promotion	-	74,364	-	74,364
Information technology	85,950	-	-	85,950
Communications	6,721	-	-	6,721
Occupancy	156,407	-	-	156,407
Travel and conferences	225	-	-	225
Operations and housekeeping	76,810	-	-	76,810
Professional development	30,070	-	-	30,070
Depreciation	76,434	-	-	76,434
Amortization	424,032	-	-	424,032
Insurance	-	67,930	-	67,930
Other expenses:				
Books and supplies	301,155	11,287	-	312,442
Equipment rental and repair	33,541	-	-	33,541
Special education	478,837	-	-	478,837
Student events and transportation	68,405	-	-	68,405
Dues and memberships	8,869	-	-	8,869
Miscellaneous	5,708	30,241	4,240	40,189
Total expenses by function	$ 4,149,922	$ 1,680,924	$ 4,240	$ 5,835,086

Cash Flows from Operating Activities		
Receipts from federal, state, and local contracts and grants	$	4,788,303
Receipts from property taxes		991,209
Receipts from interest and FMV adjustment		97,797
Receipts from donations and fundraising		53,683
Payments for salaries, benefits and payroll taxes		(3,819,799)
Payments to vendors		(2,192,638)
Net Cash Used By Operating Activities		(81,445)
Net Change in Cash and Cash Equivalents		(81,445)
Cash and Cash Equivalents, Beginning of Year		2,882,051
Cash and Cash Equivalents, End of Year	$	2,800,606
Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities		
Change in net assets	$	(99,049)
Adjustments to reconcile change in net assets to net cash:		
Depreciation		76,434
Amortization		424,032
Changes in operating assets and liabilities		
(Increase) Decrease in assets		
Accounts receivable		54,781
Prepaid expenses		(34,697)
Right-of-use assets		(475,518)
Increase (Decrease) in liabilities		
Accounts payable - vendors		(1,545)
Accounts payable - grantor governments		331,647
Accrued payroll liabilities		(245,146)
Unearned revenue		(191,473)
Operating leases payable		79,089
Net Cash Used By Operating Activities	$	(81,445)

A. **Principal Activity and Summary of Significant Accounting Policies**

Organization

Intellectual Virtues Academy of Long Beach (the Organization) is a non-profit public benefit school established in 2012. Under the Charter Schools Act of 1992, a charter school is authorized to elect to operate as, or be operated by, a nonprofit public benefit school. The Organization is organized and operated exclusively for educational and charitable purposes pursuant to and within the meaning of Section 501(c)(3) of the Internal Revenue Code. The Organization is comprised of two charter schools (Intellectual Virtues Academy of Long Beach – Middle School and the Intellectual Virtues Academy – High School) under the authorizing agency of the Long Beach Unified School District and Los Angeles County Office of Education, respectively.

Intellectual Virtues Academy of Long Beach

The Middle School's mission is to foster meaningful growth in intellectual character virtues in a thoughtful, challenging, and supportive academic environment and to equip students to engage the world with curiosity and thoughtfulness, and know themselves, and live well. Intellectual Virtues Academy's curriculum seeks to go beyond the basics by teaching kids to learn and open opportunities to understand why they are learning.

Intellectual Virtues Academy

The High School's mission is to foster meaningful growth in intellectual character virtues in a thoughtful, challenging, and supportive academic environment and to equip students to engage the world with curiosity and thoughtfulness, and know themselves, and live well. Intellectual Virtues Academy's curriculum seeks to go beyond the basics by teaching kids to learn and open opportunities to understand why they are learning.

Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit corporations. The Organization uses the accrual basis of accounting, under which revenues are recognized when they are earned, and expenditures are recognized in the accounting period in which the liability is incurred.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of non-interest bearing amounts due to the Organization for federal, state, and local grants and contracts receivable. The amounts in accounts receivable are considered fully collectable and as such there has not been an allowance for uncollectable accounts or discount established for the Organization.

Property and Equipment

The Organization records property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed in the current period.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2025.

Investments

The Organization's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value method. Fair value is determined by published quotes. Changes in fair value of investments result in increases or ecemreases in unrealized fair values of equity investments. Adjustments to fair values are reflected as unrealized gain/loss on investments in the accompanying statement of activities. The Organization's policy is to follow the fair value measurement and reporting requirements contained in FASB ASC 820 *Fair Value Measurements and Disclosures*.

Prepaid Expenses

Prepaid expenses are recorded to account for expenditures during the benefiting period.

Leases

The Organization leases facilities and equipment which are utilized in its charitable purpose. The Organization determines if an arrangement is a lease at inception. Operating leases are included in the operating lease right-of-use assets, other current liabilities, and operating lease liabilities in the Statement of Financial Position. Financing leases are included in the financing lease right-of-use assets, other current liabilities, and financing lease liabilities in the Statement of Financial Position.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. Our lease term may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. The Organization has elected to apply the short-term lease exemption to any leases with terms of 12 months or less or any leases below the threshold of $5,000.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as whether they have obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In allocating consideration in the contract to the separate lease components and the non-lease components, the Organization uses the stand-alone prices of the lease and non-lease components. Observable stand-alone prices are used, if available. If the stand-alone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. Accumulated sick leave benefits are not recognized as liabilities of the Organization. The Organization's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Functional Allocation of Expenses

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

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
>
> *Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administrating, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2025.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Revenue and Revenue Recognition

The Organization follows the provisions of FASB ASC 958-605 thereby recognizing revenue when applicable performance related barriers have been satisfied and the revenue is earned. A performance-related barrier represents something that must be achieved, performed or delivered in order to receive funds. Performance related barriers are required to be measurable, limit discretion by recipient on the conduct of the activity, and the stipulations are related to the purpose of the agreement or grant. When funds are received and performance-related barriers are not satisfied, the Organization records the funds as unearned revenue.

After the Organization has determined that performance related barriers have been satisfied, the revenue is recognized as either restricted or unrestricted based on the nature of the resources and conditions of the grantor. Restrictions on recognized revenue could constitute allowable uses of the resources that are narrower than the Organization's mission but are not considered performance-related barriers. Restricted resources are released from their restriction once the restricted purpose has been satisfied.

The Organization primarily receives funds from the California Department of Education (CDE). Local Control Funding Formula revenue and state revenues received from CDE are based on the Organization's average daily attendance (ADA) of students and recognized in the period the ADA occurs. In addition, the Organization receives state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

LCFF Revenues and Payments in Lieu of Property Taxes

The Organization's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the Local Control Funding Formula (LCFF) on statewide charter school rates multiplied by the schools' average daily attendance (ADA) as reported at the second principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the school, which is funding in lieu of property taxes, and education protection account funds paid by the state under Proposition 30. The remaining balance is paid from the state general fund, in the form of LCFF State Aid. LCFF funding sources, inclusive of state and local sources, made up 72% of the Organization's revenue.

The LCFF includes the following components applicable to the Organization:

1. Provides a base grant for each school based on the school's ADA. The actual base grant varies based on grade span.
2. Provides an adjustment of 2.6 percent on the base grant amount for grades nine through twelve.
3. Provides a supplemental grant equal to 20 percent of the adjusted base grants for targeted disadvantaged students. Targeted students are those classified as English Learners (EL), eligible to receive a free or reduced-price meal (FRPM), foster youth, homeless youth, or any combination of these factors (unduplicated count).
4. Provides a concentration grant equal to 65 percent of the adjusted base grant for targeted students exceeding 55 percent of the school's enrollment.

The Organization is not at risk of losing these funding sources, as long as the Organization maintains a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

Income Taxes

The Organization is a 509(a)(1) publicly supported non-profit Organization that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The Organization may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2025, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Organization follows provisions of uncertain tax positions as addressed in ASC 958. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2025.

The Organization files informational and income tax returns in the United States and in the state of California. The federal income tax and informational returns are subject to examination by the Internal Revenue Service for three years after the returns are filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Advertising

Advertising costs are expensed as incurred and approximated $74,364 during the year ended June 30, 2025.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, The Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

New Accounting Guidance

The Financial Accounting Standards Board (FASB) issues accounting standards updates and additional guidance for not-for-profit and for-profit agencies to establish consistent accounting across all organizations in the United States. The following table represents items that have been issued by FASB that became effective in the 2024-25 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2018-12 - *Financial Services Insurance (Topic 944)*	Aug-18
FASB Accounting Standards Update 2019-09 - *Financial Services, Insurance (Topic 944)*	Nov-19
FASB Accounting Standards Update 2020-06 - *Debt (Topic 470-20)*	Aug-20
FASB Accounting Standards Update 2020-06 - *Derivatives and Hedging (Topic 815-40)*	Aug-20
FASB Accounting Standards Update 2021-08 - *Business Combinations (Topic 805)*	Oct-21
FASB Accounting Standards Update 2022-01 - *Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method*	Mar-22
FASB Accounting Standards Update 2023-01 - *Leases (Topic 842): Common Control Arrangements*	Mar-23
FASB Accounting Standards Update 2023-05 - *Business Combinations - Joint Venture Formations (Subtopic 805-60)*	Aug-23
FASB Accounting Standards Update 2023-07 - *Segment Reporting (Topic 280)*	Nov-23

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The Organization has adopted provisions of effective Accounting Standards Updates. The issuance of these standards did not result in a presentation or accounting change that impacted these financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 12, 2025, the date the financial statements were available to be issued.

B. Liquidity and Availability

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy	Total
Cash and cash equivalents	$ 2,300,151	$ 500,455	$ 2,800,606
Accounts receivable	318,551	396,979	715,530
Total	$ 2,618,702	$ 897,434	$ 3,516,136

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

C. Cash and Investments

The Organization's cash and investments on June 30, 2025, consisted of the following:

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy	Total
Cash in bank accounts	$ 587,644	$ 215	$ 587,859
Cash equivalents	1,712,507	500,240	2,212,747
Total cash and cash equivalents	$ 2,300,151	$ 500,455	$ 2,800,606

Cash in Bank

The Organization's cash in bank ($587,859 as of June 30, 2025) is held in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor. As of June 30, 2025, the Organization held $442,070 in excess of the FDIC insured amounts. The Organization reduces its exposure to risk by maintaining such deposits with high quality financial institutions. The Organization has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk.

Cash Equivalents

The Organization maintains a portion of their funds in short term investments with maturities less than three months in length ($2,212,747 as of June 30, 2025). These cash equivalents consist of United States Government Treasury Bills. Cash may be added or withdrawn from the accounts without limitation.

D. Accounts Receivable

As of June 30, 2025, the Organization's accounts receivable consisted of the following:

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy	Total
Federal Government			
Special Education	$ -	$ 39,712	$ 39,712
Child Nutrition	13,523	-	13,523
Other Federal Programs	3,001	5,318	8,319
State Government			
Education Protection Account	11,276	5,144	16,420
State Aid	130,155	123,039	253,194
Lottery Funding	34,934	18,006	52,940
Child Nutrition	19,606	-	19,606
Special Education	1,811	10,180	11,991
SB740	-	81,509	81,509
Community Planning	-	20,000	20,000
Other State Programs	8,694	23,726	32,420
Local Government			
Property Tax Payments	89,446	59,940	149,386
Other Local Sources			
Other Local Sources	6,105	10,405	16,510
Total Accounts Receivable	$ 318,551	$ 396,979	$ 715,530

E. Prepaid Expenses

As of June 30, 2025, the Organization's prepaid expenses consisted of the following:

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy	Total
Prepaid rent	$ 15,744	$ 22,060	$ 37,804
Prepaid memberships	1,396	-	1,396
Prepaid employee benefits	1,233	7,898	9,131
Prepaid vendors	2,204	263	2,467
Total Prepaid Expenses	$ 20,577	$ 30,221	$ 50,798

F. Property and Equipment

Property and equipment for Intellectual Virtues Academy of Long Beach consisted of the following at June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Leasehold Improvements	$ 533,561	$ -	$ -	$ 533,561
Equipment, Furniture, and Fixtures	19,855	-	-	19,855
Total Depreciable Capital Assets	553,416	-	-	553,416
Total Capital Assets	553,416	-	-	553,416
Less Accumulated Depreciation	(240,530)	(73,914)	-	(314,444)
Capital Assets, Net	$ 312,886	$ (73,914)	$ -	$ 238,972

Property and equipment for Intellectual Virtues Academy consisted of the following at June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Leasehold Improvements	$ 156,006	$ -	$ -	$ 156,006
Equipment, Furniture, and Fixtures	13,320	-	-	13,320
Total Depreciable Capital Assets	169,326	-	-	169,326
Total Capital Assets	169,326	-	-	169,326
Less Accumulated Depreciation	(166,383)	(2,521)	-	(168,904)
Capital Assets, Net	$ 2,943	$ (2,521)	$ -	$ 422

Consolidated property and equipment consisted of the following at June 30, 2025:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Leasehold Improvements	$ 689,567	$ -	$ -	$ 689,567
Equipment, Furniture, and Fixtures	33,175	-	-	33,175
Total Depreciable Capital Assets	722,742	-	-	722,742
Total Capital Assets	722,742	-	-	722,742
Less Accumulated Depreciation	(406,913)	(76,435)	-	(483,348)
Capital Assets, Net	$ 315,829	$ (76,435)	$ -	$ 239,394

G. Unearned Revenue

As of June 30, 2025, the Organization's unearned revenue consisted of the following:

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy	Total
Federal			
ESSER III	$ -	$ 6	$ 6
State			
Learning Recovery Emergency	141,788	-	141,788
Arts, Music, and Instructional Materials	149,629	-	149,629
Educator Effectiveness	9,158	21,644	30,802
Kitchen Infrastructure and Training	36,895	-	36,895
Dual Enrollment Opportunities	-	44,928	44,928
Proposition 28 - Arts and Music Education	-	17,153	17,153
Golden State Pathways Program	-	91,474	91,474
Total Unearned Revenue	$ 337,470	$ 175,205	$ 512,675

The following table provides information about significant changes in unearned revenue for the year ended June 30, 2025:

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy	Total
Unearned Revenue, beginning of period	$ 372,180	$ 331,968	$ 704,148
Increases in unearned revenue due to cash received during the period	6,137	152,095	158,232
Decreases in unearned revenue due to performance obligations met during the period	(40,847)	(308,858)	(349,705)
Unearned Revenue, end of period	$ 337,470	$ 175,205	$ 512,675

H. Leases

The Organization entered into lease agreements for the use of facilities and equipment. The components of lease expense were as follows:

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy	Total
Operating lease cost			
Amortization of right-of-use assets	$ 175,459	$ 248,573	$ 424,032
Interest on lease liabilities	9,287	21,672	30,959
Total operating lease cost	184,746	270,245	454,991
Short-term lease cost	25,435	8,106	33,541
Total lease expense	$ 210,181	$ 278,351	$ 488,532

The following represents additional information related to the Organization's leases:

Other Information Related to Leases

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy	Total
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases	$ 719,270	$ 1,264,917	$ 1,984,187
Total	$ 719,270	$ 1,264,917	$ 1,984,187
Weighted average remaining lease term:			
Operating leases	14 Months	26 Months	23 Months
Weighted average discount rate:			
Operating leases	3%	3%	3%

Future minimum lease payments on the Organization's leases are as follows:

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy	Total
Year Ended June 30,	Operating Leases	Operating Leases	Operating Leases
2026	$ 199,945	$ 279,421	$ 479,366
2027	33,691	289,228	322,919
2028	-	48,478	48,478
Total future minimum lease payments	233,636	617,127	850,763
Less imputed interest	(4,126)	(20,296)	(24,422)
Net future minimum lease payments	$ 229,510	$ 596,831	$ 826,341

I. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2025

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy
Subject to expenditure for specified purpose:		
National School Lunch Program	$ 7,353	$ -
	7,353	-
Total net assets with donor restrictions	$ 7,353	$ -

Net assets released from restrictions during the year were:

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy
Beginning restricted net assets	$ 7,353	$ -
Restricted grants received	476,235	782,779
Net assets released from restriction:		
Restricted purpose satisfied	(476,235)	(782,779)
Ending restricted net assets	$ 7,353	$ -

J. Employee Retirement System

Qualified employees are covered under multiple-employer defined benefit pension plans by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS). The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of the other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Organization chooses to stop participating in some of its multi-employer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Organization’s participation in these plans for the fiscal year ended June 30, 2025, is outlined in the table below. The “EIN/Pension Plan Number” column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2025, 2024 and 2023 is for the plan’s year-end at June 30, 2025, 2024 and 2023, respectively. The zone status is based on information that the Organization and its schools received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The “FIP/RP Status Pending/Implemented” column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Period to Period Comparability:

The Organization’s schools increased in CalSTRS contributions from 2023 to 2024 by 11.40% followed by an increase in 2025 of 45.63%. The increase in CalSTRS contributions is due to the increase in contributions and the number of participants in the plan for the school year.

		Pension Protection Act Zone Status Year Ended June 30,			FIP/RP Status Pending/
Pension Fund	EIN/ Pension Plan Number	2025	2024	2023	Implemented
CalSTRS	37101	Green	Green	Green	No

	Contributions			Number of	Surcharge
Pension Fund	2025	2024	2023	Employees	Imposed
CalSTRS	$ 337,129	$ 231,503	$ 207,812	19	No
Total	$ 337,129	$ 231,503	$ 207,812	19	

CalSTRS:

The Organization 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. Required contribution rates are set by the California Legislature and detailed in Teachers’ Retirement Law. Contribution rates are expressed as a level of percentage of payroll using the entry age normal actuarial cost method. CalSTRS also uses the level of percentage of payroll method to calculate the amortization of any unfunded liability. Copies of the STRS annual report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

For the fiscal year ended June 30, 2025, active plan members were required to contribute between 10.205% and 10.25% of their salary, depending on their membership date. The employer contribution rate was 19.10% of annual payroll. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. The Organization made contributions as noted above. For the year ended June 30, 2025 the State contributed $101,372 (10.828% of certificated salaries) on behalf of the Organization.

K. Upcoming Changes in Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that become effective over the next few fiscal years:

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2020-10 - *Codification Improvements*	Nov-20	2025-26
FASB Accounting Standards Update 2022-03 - *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*	Jun-22	2025-26
FASB Accounting Standards Update 2022-05 - *Financial Services - Insurance (Topic 944): Transition for Sold Contracts*	Dec-22	2025-26
FASB Accounting Standards Update 2023-02 - *Investments (Topic 323): Accounting for Investments in Tax Credit Structures*	Mar-23	2025-26
FASB Accounting Standards Update 2023-08 - *Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60)*	Dec-23	2025-26
FASB Accounting Standards Update 2023-09 - *Income Taxes (Topic 740)*	Dec-23	2026-27
FASB Accounting Standards Update 2024-01 - *Compensation - Stock Compensation (Topic 718)*	Mar-24	2026-27
FASB Accounting Standards Update 2024-02 - *Codification Improvements - Amendments to Remove References to the Concepts Statements*	Mar-24	2026-27
FASB Accounting Standards Update 2024-03 - *Income Statement - Reporting Comprehensive Income-Expense Disaggregation Disclosures*	Nov-24	2027-28
FASB Accounting Standards Update 2024-04 - *Debt with Conversion and Other Options*	Nov-24	2026-27
FASB Accounting Standards Update 2025-01 - *Income Statement - Reporting Comprehensive Income-Expense Disaggregation Disclosures*	Jan-25	2027-28
FASB Accounting Standards Update 2025-02 - *Liabilities Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122*	Mar-25	2025-26
FASB Accounting Standards Update 2025-03 - *Business Combinations and Consolidation*	May-25	2027-28
FASB Accounting Standards Update 2025-04 - *Stock Compensation and Revenue from Contracts with Customers*	May-25	2027-28
FASB Accounting Standards Update 2025-05 - *Measurement of Credit Losses for Accounts Receivable and Contract Assets*	Jul-25	2026-27
FASB Accounting Standards Update 2025-06 - *Intangibles - Goodwill and Other Internal Use Software*	Sep-25	2028-29

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The updates effective during the future fiscal years are not expected to impact the financial accounting or presentation for the Organization.

Supplementary Information

Intellectual Virtues Academy of Long Beach
Combining Statement of Financial Position
June 30, 2025

	Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy	Elimination	Total
Assets				
Cash and cash equivalents	$ 2,300,151	$ 500,455	$ -	$ 2,800,606
Accounts receivable	318,551	396,979	-	715,530
Accounts receivable - related entities	40,168	127,922	(168,090)	-
Prepaid expenses	20,577	30,221	-	50,798
Deposits	-	3,100	-	3,100
Property and equipment, net	238,972	422	-	239,394
Right-of-use assets, operating leases				
Facilities and equipment	719,270	1,264,917	-	1,984,187
Accumulated amortization	(509,120)	(696,449)	-	(1,205,569)
Total Assets	$ 3,128,569	$ 1,627,567	$ (168,090)	$ 4,588,046
Liabilities and Net Assets				
Liabilities				
Accounts payable - vendors	$ 4,998	$ 45,969	$ -	$ 50,967
Accounts payable - related entities	127,922	40,168	(168,090)	-
Accounts payable - grantor governments	435,247	28,382	-	463,629
Accrued payroll liabilities	40,866	89,932	-	130,798
Unearned revenue	337,470	175,205		512,675
Operating leases payable	229,510	596,831	-	826,341
Total Liabilities	1,176,013	976,487	(168,090)	1,984,410
Net Assets				
Without donor restrictions				
Undesignated	1,706,231	650,658	-	2,356,889
Invested in property and equipment, net of related debt	238,972	422	-	239,394
	1,945,203	651,080	-	2,596,283
With donor restrictions				
Restricted for federal programs	7,353	-	-	7,353
	7,353	-	-	7,353
Total Net Assets	1,952,556	651,080	-	2,603,636
Total Liabilities and Net Assets	$ 3,128,569	$ 1,627,567	$ (168,090)	$ 4,588,046

Intellectual Virtues Academy of Long Beach

Combining Statement of Activities

Year Ended June 30, 2025

	Intellectual Virtues Academy of Long Beach		Intellectual Virtues Academy		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains					
Local Control Funding Formula (LCFF) sources					
State aid	$ 1,868,609	$ -	$ 1,224,266	$ -	$ 3,092,875
Education protection account state aid	46,402	-	20,870	-	67,272
Transfers in lieu of property taxes	683,703	-	307,506	-	991,209
Total LCFF sources	2,598,714	-	1,552,642	-	4,151,356
Federal contracts and grants	-	153,957	-	113,924	267,881
State contracts and grants	73,916	322,278	35,325	668,855	1,100,374
Local contracts and grants	60,365	-	4,581	-	64,946
Donations and fundraising	50,993	-	2,690	-	53,683
Interest income and FMV adjustment	74,200	-	23,597	-	97,797
Net assets released from restriction -					
Grant restrictions satisfied	476,235	(476,235)	782,779	(782,779)	-
Total revenue, support, and gains	3,334,423	-	2,401,614	-	5,736,037
Expenses and Losses					
Program services expense	2,431,966	-	1,717,956	-	4,149,922
Supporting services expense	891,624	-	793,540	-	1,685,164
Total expenses and losses	3,323,590	-	2,511,496	-	5,835,086
Change in Net Assets	10,833	-	(109,882)	-	(99,049)
Net Assets, Beginning of Year	1,934,370	7,353	760,962	-	2,702,685
Net Assets, End of Year	$ 1,945,203	$ 7,353	$ 651,080	$ -	$ 2,603,636

Intellectual Virtues Academy of Long Beach
Combining Statement of Functional Expenses
Year Ended June 30, 2025

	Intellectual Virtues Academy of Long Beach			Intellectual Virtues Academy		
	Program Services	Supporting Services		Program Services	Supporting Services	
	Educational Programs	Management and General	Fundraising and Development	Educational Programs	Management and General	Total
Salaries and wages	$ 1,016,181	$ 518,557	$ -	$ 712,420	$ 436,467	$ 2,683,625
Pension expense	223,220	113,909	-	-	-	337,129
Other employee benefits	123,829	63,190	-	152,703	93,554	433,276
Payroll taxes	26,277	13,409	-	50,189	30,748	120,623
Fees for services:						
Business services	-	78,525	-	-	56,420	134,945
Legal	-	1,379	-	-	8,956	10,335
Audit	-	6,120	-	-	5,730	11,850
Professional consulting and instructional services	62,461	6,723	-	29,478	5,237	103,899
District oversight	-	25,993	-	-	15,526	41,519
Banking, financial, and payroll services	-	8,787	-	-	7,872	16,659
Advertising and promotion	-	2,127	-	-	72,237	74,364
Information technology	17,918	-	-	68,032	-	85,950
Communications	1,342	-	-	5,379	-	6,721
Occupancy	27,758	-	-	128,649	-	156,407
Travel and conferences	-	-	-	225	-	225
Operations and housekeeping	41,212	-	-	35,598	-	76,810
Professional development	21,521	-	-	8,549	-	30,070
Depreciation	73,913	-	-	2,521	-	76,434
Amortization	175,459	-	-	248,573	-	424,032
Insurance	-	40,652	-	-	27,278	67,930
Other expenses:						
Books and supplies	135,188	6,156	-	165,967	5,131	312,442
Equipment rental and repair	25,435	-	-	8,106	-	33,541
Special education	412,257	-	-	66,580	-	478,837
Student events and transportation	45,940	-	-	22,465	-	68,405
Dues and memberships	2,055	-	-	6,814	-	8,869
Miscellaneous	-	1,857	4,240	5,708	28,384	40,189
Total expenses by function	$ 2,431,966	$ 887,384	$ 4,240	$ 1,717,956	$ 793,540	$ 5,835,086

Additional Supplementary Information

Intellectual Virtues Academy of Long Beach

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
	703A8227	N/A	99FE597A	N/A
Classroom Based Attendance				
Grades 4-6	76.21	N/A	75.78	N/A
Grades 7-8	150.60	N/A	149.89	N/A
Total Classroom Based Attendance	226.81	N/A	225.67	N/A
Non-Classroom Based Attendance				
Grades 4-6	1.60	N/A	1.55	N/A
Grades 7-8	3.60	N/A	3.61	N/A
Total Non-Classroom Based Attendance	5.20	N/A	5.16	N/A
Total ADA	232.01	N/A	230.83	N/A

Intellectual Virtues Academy

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
	9A62E64D	N/A	990FCA75	N/A
Classroom Based Attendance				
Grades 9-12	103.65	N/A	102.99	N/A
Total Classroom Based Attendance	103.65	N/A	102.99	N/A
Non-Classroom Based Attendance				
Grades 9-12	0.70	N/A	0.62	N/A
Total Non-Classroom Based Attendance	0.70	N/A	0.62	N/A
Total ADA	104.35	N/A	103.61	N/A

Intellectual Virtues Academy of Long Beach
Schedule of Instructional Time
Year Ended June 30, 2025

Intellectual Virtues Academy of Long Beach

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes*	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days*	Total Instructional Days	Status
6th Grade	54,000	54,292	0	54,292	175	0	175	Complied
7th Grade	54,000	54,292	0	54,292	175	0	175	Complied
8th Grade	54,000	54,292	0	54,292	175	0	175	Complied

*Intellectual Virtues Academy of Long Beach did not submit a request for a J-13A emergency waiver of instructional minutes or days.

Intellectual Virtues Academy

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes*	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days*	Total Instructional Days	Status
9th Grade	64,800	66,975	0	66,975	177	0	177	Complied
10th Grade	64,800	66,975	0	66,975	177	0	177	Complied
11th Grade	64,800	66,975	0	66,975	177	0	177	Complied
12th Grade	64,800	66,975	0	66,975	177	0	177	Complied

*Intellectual Virtues Academy did not submit a request for a J-13A emergency waiver of instructional minutes or days.

Intellectual Virtues Academy of Long Beach

	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues	$ 3,000,073	$ 3,334,423	$ 3,406,192	$ 2,985,086
Expenses	2,935,060	3,323,590	3,131,414	2,698,234
Change in Net Assets	65,013	10,833	274,778	286,852
Ending Net Assets	$ 2,017,569	$ 1,952,556	$ 1,941,723	$ 1,666,945
Unrestricted Net Assets	$ 2,010,216	$ 1,945,203	$ 1,934,370	$ 1,380,093
Unrestricted net assets as a percentage of total expenses	68.49%	58.53%	61.77%	51.15%
Total Long Term Debt	$ -	$ -	$ -	$ -
ADA at P2	228	232	219	216

The School's ending net assets increased by $285,611 (17.13%) over the past two fiscal years. The increase is in large due to additional funding received as a result of the COVID-19 pandemic.

Average daily attendance (ADA) has increased by 16 over the past two fiscal years.

Note 1:
AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:

1) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
2) The supplementary information relates to the same period as the financial statements.
3) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
4) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the School.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

Intellectual Virtues Academy

	Budget 2026 (See Note 1)	2025	2024 (See Note 1)	2023 (See Note 1)
Revenues	$ 2,322,039	$ 2,401,614	$ 2,235,912	$ 2,144,915
Expenses	2,422,744	2,511,496	2,231,064	1,952,659
Change in Net Assets	(100,705)	(109,882)	4,848	192,256
Ending Net Assets	$ 550,375	$ 651,080	$ 760,962	$ 756,114
Unrestricted Net Assets	$ 550,375	$ 651,080	$ 760,962	$ 753,685
Unrestricted net assets as a percentage of total expenses	22.72%	25.92%	34.11%	38.60%
Total Long Term Debt	$ -	$ -	$ -	$ -
ADA at P2	100	104	83	85

The School's ending net assets has decreased by $105,034 (13.89%) over the past two fiscal years.

Average daily attendance (ADA) has increased by 19 over the past two fiscal years.

Note 1:
AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:

1) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
2) The supplementary information relates to the same period as the financial statements.
3) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
4) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the School.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

Intellectual Virtues Academy of Long Beach

June 30, 2025 annual financial alternative form net assets:	$	1,952,557
Adjustments and reclassifications:		
Rounding		(1)
Total adjustments and reclassifications		(1)
June 30, 2025 audited financial statements net assets:	$	1,952,556

Intellectual Virtues Academy

June 30, 2025 annual financial alternative form net assets:	$	651,089
Adjustments and reclassifications:		
Understatement of accounts payable		(9)
Total adjustments and reclassifications		(9)
June 30, 2025 audited financial statements net assets:	$	651,080

A. Combining Statement of Financial Position

This schedule provides the information by subdivision which combines into the Organization's overall statement of net position, with eliminations for activities between the schools within the Organization.

B. Combining Statement of Activities

This schedule provides the information by subdivision which combines into the Organization's overall statement of activities.

C. Combining Statement of Functional Expenses

This schedule provides the information by subdivision which combines into the Organization's overall statement of functional expenses.

D. Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measure of the number of pupils attending classes of the Organization's schools. 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 for each school.

E. Schedule of Instructional Time

This schedule provides the information necessary to determine if the Organization's schools have complied with Education Code §47612 & §47612.5 which require the following:

1) EC §47612: As a condition of apportionment 175 school days must be offered for traditional calendar. If a multi-track calendar is utilized, each track must offer 175 school days.

2) EC §47612.5: As a condition of apportionment the following annual instructional minutes must be offered:

   - To pupils in Kindergarten 36,000 minutes
   - To pupils in grades 1 to 3 50,400 minutes
   - To pupils in grades 4 to 8 54,000 minutes
   - To pupils in grades 9 to 12 64,800 minutes

Compliance with Education Code §47612 involves offering a minimum number of annual instructional minutes as defined by grade level. Non-classroom based charters do not have a requirement for auditing/testing offered instructional minutes, as a result, the offerings are not reported in the schedule of instructional time.

An LEA that closed due to a qualifying emergency in the 2024-25 fiscal year may submit a Form J-13A to avoid a penalty for not meeting the annual instructional day requirements. The Organization's schools did not have an emergency closure and as such there are no credited days to account for on the Schedule of Instructional Time.

F. Schedule of Financial Trends and Analysis

This schedule displays summarized information from the current year and two previous years, along with budget information for the upcoming year. The information from this schedule is used to evaluate whether there are any financial indicators the Organization's schools will not be able to continue operations in the next fiscal year. Based upon the information presented, the Organization's schools appear to have sufficient reserves to continue operations for the 2025-26 fiscal year.

G. Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets as reported on the Unaudited Financial Report Alternative Forms prepared by the Organization's schools to the net assets reported in the audited financial statements.

Other Information

Intellectual Virtues Academy of Long Beach operates a school serving grades 6-8 in Long Beach, California under Charter #1504 through a charter authorized by the Long Beach Unified School District. The school began operations in 2012. Intellectual Virtues Academy operates a school serving grades 9-12 in Long Beach, California under Charter #1814 through a charter authorized by the Los Angeles County Office of Education. The school began operations in 2016.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Dan Hertzler	Chairman	Two Year Term Expires December 2026
Eric Churchill	Vice Chair	One Year Term Expires December 2026
Josh Ross	Treasurer	One Year Term Expires January 2026
Asion Jackson	Secretary	One Year Term Expires April 2026
Dan Speak	Director	One Year Term Expires May 2026
Megan Folland	Director	One Year Term Expires March 2026
Analicia Gomez	Director	One Year Term Expires May 2027
Howie Fitzgerald	Director	One Year Term Expires December 2026
Joy DeBoer	Director	One Year Term Expires March 2026
Presley Gomez	Student Rep	One Year Term Expires June 2025

ADMINISTRATION

James McGrath
Founding Director - Intellectual Virtues Academy

Summer Sanders
Head of School - Intellectual Virtues Academy

Dustin Schmidt
Associate Director of Curriculum and Instruction - Intellectual Virtues Academy

Jacquie Bryant
Principal - Intellectual Virtues Academy of Long Beach

Richard Williams
Director of Programs and Operations - Intellectual Virtues Academy of Long Beach

Other Independent Auditor's Reports

WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS

BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's 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*

To the Board of Directors of
Intellectual Virtues Academy of Long Beach

We have audited, in accordance with the 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 Intellectual Virtues Academy of Long Beach's (the Organization) which comprise the Organization's statement of financial position as of June 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 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 a 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 12, 2025

WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS

BRIAN K. HADLEY, CPA
AUBREY W. MANN, CPA
KEVIN A. SPROUL, CPA

Independent Auditor's Report on State Compliance and on
Internal Controls over State Compliance

To the Board of Directors
Intellectual Virtues Academy of Long Beach

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited Intellectual Virtues Academy of Long Beach's (the Organization) compliance with the requirements specified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 applicable to the Organization's statutory requirements identified below for the year ended June 30, 2025.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of their applicable state programs for the year ended June 30, 2025.

Basis for Opinion on Each Applicable State Program

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 audit requirements of *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 compliance for each applicable state program. Our audit does not provide a legal determination of the Organization'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 effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization'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 Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than that 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, it would influence the judgment made by a reasonable user of the report on compliance about the Intellectual Virtues Academy of Long Beach's compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the 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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over state 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 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

		Intellectual Virtues Academy of Long Beach	Intellectual Virtues Academy
		Procedures Performed	Procedures Performed
School Districts, County Offices of Education, and Charter Schools			
T.	Proposition 28 Arts & Music in Schools	Yes	Yes
U.	After/Before School Education and Safety Program	N/A	N/A
V.	Proper Expenditure of Education Protection Account Funds	Yes	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes	Yes
X.	Local Control and Accountability Plan	Yes	Yes
Y.	Independent Study - Course Based	N/A	N/A
Z.	Immunizations	No	N/A
AZ.	Educator Effectiveness	Yes	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)	No	No
CZ.	Career Technical Education Incentive Grant	N/A	N/A
DZ.	Expanded Learning Opportunities Program (ELO-P)	Yes	N/A
EZ.	Transitional Kindergarten	N/A	N/A
FZ.	Kindergarten Continuance	N/A	N/A
Charter Schools			
AA.	Attendance	Yes	Yes
BB.	Mode of Instruction	Yes	Yes
CC.	Nonclassroom-Based Instruction/Independent Study	Yes	Yes
DD.	Determination of Funding for Nonclassroom-Based Instruction	N/A	N/A
EE.	Annual Instructional Minutes - Classroom Based	Yes	Yes
FF.	Charter School Facility Grant Program	N/A	Yes

N/A – The School did not offer the program during the current fiscal year or the requirement applied to a different type of LEA.

We did not perform procedures for Expanded Learning Opportunities Grant (ELO-G) because amounts were fully expended in the prior years.

We did not perform procedures for Immunizations because Intellectual Virtues Academy of Long Beach did not appear on the California Department of Public Health list of LEAs that are subject to the audit of Immunizations.

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 and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over State 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 a 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 Compliance section above 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, as defined above. 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 Audit Guide. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co. LLP

El Cajon, California
December 12, 2025

Auditor’s Results, Findings & Recommendations

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
One or more material weakness(es) identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	____ Yes	X No
Noncompliance material to financial statements noted?	____ Yes	X No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Unmodified	
Internal control over applicable state programs:		
One or more material weakness(es) identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	____ Yes	X No
Any audit findings disclosed that are required to be reported in accordance with *2024-25 Guide for Annual Audits of California K-12 Local Education Agencies?*	____ Yes	X No

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards,* or the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
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

A. Financial Statement Findings

None

B. State Award Findings

None

Finding/Recommendation	Status	Explanation if Not Implemented
Finding 2024-001 Payroll Controls - Form I-9 Internal Control (30000) In our review of payroll testing, we identified that 3 out of 17 Form I-9s were not signed or dated by the respective employees. It was recommended that the Organization develop and implement procedures to ensure all sections of the Form I-9 are completed before submission.	Implemented	N/A
Finding 2024-002 Non-Classroom Based Attendance/Independent Study Attendance (10000) In our review of independent study written agreements, we identified 5 out of 5 tested that did not contain all required elements identified in Education Code §51747. It was recommended that the Organization implement an internal review process over written agreements to ensure that clerical errors do not result in loss of apportionment for the Schools.	Implemented	N/A