

| VIBES PUBLIC CHARTER SCHOOL
MEDFORD, OREGON

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

WITH

INDEPENDENT AUDITOR'S REPORT



**Certified
Public
Accountants, LLP**

audit | tax | advisory | valuation | wealth

**VIBES PUBLIC CHARTER SCHOOL
Medford, Oregon
June 30, 2023**

Board of Directors as of June 30, 2023

Michelle Blum-Atkinson, Chair

Julia McFadden, Vice-Chair

Pat Barry, Treasurer

Greg Aldridge, Secretary

Judy Duffy, Director

Jani Hale, Director

Lisa Hutchins, Director

Ryan Bernard, Director

Martha Ibarra, Director

Ignacio Sanchez, Parent Member

Vacant Position, Director

Administrative Staff

Tom Cole, CEO

Cass Weiland, Finance Manager

All Board Members receive mail at the address listed below.

Vibes Public Charter School
821 North Riverside Avenue
Medford, OR 97501



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Vibes Public Charter School

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vibes Public Charter School
Medford, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and the major fund of Vibes Public Charter School (the School), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the School's ability to continue as a going concern for 12 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 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.

In performing an audit in accordance with GAAS, 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 the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by Oregon State Regulations

In accordance with Oregon State Regulation, we have also issued our report dated December 14, 2023, on our consideration of the School's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Jeny Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 14, 2023



| BASIC FINANCIAL STATEMENTS



| **GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

**VIBES PUBLIC CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 777,777
Capital assets, net	<u>2,486,191</u>
TOTAL ASSETS	<u>3,263,968</u>
LIABILITIES:	
Accounts payable	29,662
Payable to Kids Unlimited of Oregon	507,653
Lease payable:	
Due within one year	315,340
Due in more than one year	<u>2,216,530</u>
TOTAL LIABILITIES	<u>3,069,185</u>
NET POSITION:	
Net investment in capital assets	(45,679)
Unrestricted	<u>240,462</u>
TOTAL NET POSITION	<u><u>\$ 194,783</u></u>

**VIBES PUBLIC CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change In Net Position</u>
		<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:				
Instruction	\$ 5,312,588	\$ 2,020,751	\$ -	\$ (3,291,837)
Support services	1,964,930	139,710	-	(1,825,220)
 Total governmental activities	 <u>\$ 7,277,518</u>	 <u>\$ 2,160,461</u>	 <u>\$ -</u>	 <u>(5,117,057)</u>
 General revenues:				
State school fund - general support				5,271,940
Miscellaneous revenue				<u>18,237</u>
Total general revenues				<u>5,290,177</u>
 CHANGE IN NET POSITION				 173,120
 NET POSITION - JULY 1, 2022				 <u>21,663</u>
 NET POSITION - JUNE 30, 2023				 <u>\$ 194,783</u>



| FUND FINANCIAL STATEMENTS

**VIBES PUBLIC CHARTER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2023**

	<u>General Fund</u>
ASSETS:	
Cash and cash equivalents	<u>\$ 777,777</u>
TOTAL ASSETS	<u>777,777</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	29,662
Payable to Kids Unlimited of Oregon	<u>507,653</u>
TOTAL LIABILITIES	<u>537,315</u>
Fund Balance:	
Unassigned	<u>240,462</u>
TOTAL FUND BALANCE	<u>240,462</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 777,777</u></u>

**VIBES PUBLIC CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023**

TOTAL FUND BALANCE \$ 240,462

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Cost	\$ 3,223,338	
Accumulated depreciation	<u>(737,147)</u>	2,486,191

Long-term liabilities not payable in current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:

Leases payable		<u>(2,531,870)</u>
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TOTAL NET POSITION \$ 194,783

**VIBES PUBLIC CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>
REVENUES:	
State school fund - general support	\$ 5,271,940
Intergovernmental	2,156,007
Contribution revenue	4,454
Miscellaneous	18,237
	<hr/>
TOTAL REVENUES	7,450,638
	<hr/>
EXPENDITURES:	
Current:	
Instruction	6,165,917
Support services	626,100
Debt service	420,000
	<hr/>
TOTAL EXPENDITURES	7,212,017
	<hr/>
NET CHANGE IN FUND BALANCE	238,621
	<hr/>
FUND BALANCE - July 1, 2022	1,841
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FUND BALANCE - June 30, 2023	\$ 240,462
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**VIBES PUBLIC CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2023**

NET CHANGE IN FUND BALANCE \$ 238,621

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Expenditures for capital assets	\$ -	
Less: current year depreciation and amortization	<u>(367,150)</u>	(367,150)

Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements the principal payments are reported as a reduction in long-term debt. Similarly, long-term debt proceeds are reported as other financing source in the governmental funds. This is the amount by which repayments exceed proceeds.

Principal paid on leases		<u>301,649</u>
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CHANGE IN NET POSITION \$ 173,120



**| NOTES TO THE BASIC FINANCIAL
STATEMENTS**

**VIBES PUBLIC CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Vibes Public Charter School (the School) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Reporting Entity

Vibes Public Charter School is a non-profit corporation governed by a nine-member board. The School was organized under provisions of Oregon statutes pursuant to ORS Chapter 338 for the purpose of operating as a charter school. It is currently open to 470 students ranging from kindergarten to eighth grade and is sponsored by the Medford School District. Generally accepted accounting principles require that these basic financial statements present all the funds relevant to the operations of the School and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 14, are separate organizations that are included in the School's reporting entity because of the significance of their operational or financial relationships with the School. All significant activities and organizations with which the School exercises oversight responsibility have been considered for inclusion in the basic financial statements. Vibes Public Charter School has no component units.

The more significant of the School's accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all activities of the School. These statements include the governmental financial activities of the School. Governmental activities are financed primarily through payments of state school support passed through Medford School District.

The Statement of Activities presents a comparison between direct expense and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function; therefore, are clearly identifiable to that function. Indirect expenses are those of the general government related to administration and support of the School's programs, such as personnel and accounting, are allocated to programs based on their percentage of total government expenses. Depreciation expenses are allocated on a percentage determined by management, currently 80 percent Instruction expense and 20 percent Support Services expense. Program revenues may include: (1) charges to students or others fees, rentals, materials, supplies, and services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including state support, are presented as general revenues.

Net position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School receives value without giving equal value in exchange, include grants, entitlements, and donations, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the School funds certain programs with general revenues.

**VIBES PUBLIC CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The fund financial statements provide information about the School's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The School has only one fund, and that fund is a governmental fund which is reported as a major fund:

General Fund – This fund currently accounts for all financial resources and expenditures of the School. The principal revenue sources are payments of state school support passed through Medford School District.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become susceptible to accrual (i.e. when they become measurable and available) and expenditures are recorded at the time the related fund liabilities are incurred. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under leases are reported as other financing sources.

Cash and Cash Equivalents

The School's cash and cash equivalents consist of cash on hand and demand deposits held in the School's name.

Grants and Other Operating Revenues

Under the modified accrual basis of accounting, the School receives funding from the Medford School District through the State of Oregon based on the number of enrolled students. Unreimbursed grant expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

Receivables

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various state grants. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectible receivables has been made.

Capital Assets

Capital assets are recorded at original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The School defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life greater than one year. Interest incurred during construction is not capitalized. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	15 – 40 years
Furniture and Equipment	5 – 10 years
Vehicles	5 years
Right of Use Asset	Depends on life of the lease

**VIBES PUBLIC CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – Consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

Unrestricted net position – Consists of all other net position that does not meet the definition of the above two components and is available for general use by the School.

In the fund financial statements, governmental fund equity is classified in the following categories:

Non-Spendable - Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted - Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed - Includes items committed by the School's Board of Directors, by formal board action.

Assigned - Includes items assigned for specific uses, authorized by the School's management.

Unassigned - This is the residual classification used for those balances not assigned to another category.

It is the School's policy to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted net position is available. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable), and lastly unassigned fund balance.

Budget

The School is not required under Oregon Local Budget Law to prepare a budget. Therefore, the required supplementary general fund budget to actual schedule normally required by GAAP is not included with these financial statements.

Use of Estimates

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

**VIBES PUBLIC CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Leases are recognized in accordance with GASB Statement No. 87, Leases.

A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments, and is adjusted over time by interest and payments. Future lease payments include fixed payments. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement, and is subsequently amortized over the life of the lease.

Income Tax Status

The School qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the School qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The School adopted the income standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial effect for the School.

Adoption of New GASB Pronouncements

During the fiscal year ended June 30, 2023, the School implemented the following GASB Pronouncements:

GASB Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 91 will be effective for the School for the fiscal year ending June 30, 2023. Implementation of this statement did not have an impact on the School's financial statements for the year ended June 30, 2023.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This Statement will be effective for the School for the fiscal year ending June 30, 2023. Implementation of this statement did not have an impact on the School's financial statements for the year ended June 30, 2023.

Future GASB Pronouncements

The following GASB pronouncements will be effective in years subsequent to June 30, 2023:

GASB Statement No. 100, *Accounting changes and error corrections – an amendment of GASB statement NO 62*. Issued June 2022, this statement updates accounting and financial reporting for (1) each type of accounting change and (2) error corrections made in fiscal years beginning after June 15, 2024.

GASB Statement No. 101, Compensated Absences. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences and is effective for the School for the fiscal year ending June 30, 2025.

The School will implement new GASB pronouncements no later than the required effective date. The School is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the School's financial statements.

**VIBES PUBLIC CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments are comprised of the following as of June 30, 2023:

Demand deposits with financial institutions	\$	777,677
Petty cash		100
Total cash and cash equivalents	\$	<u>777,777</u>

Cash and investments are shown on the basic financial statements as:

Statement of Net Position:		
Cash and cash equivalents	\$	<u>777,777</u>

Deposits - The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the School at June 30, 2023. If bank deposits at year end are not entirely insured or collateralized with securities held by the School or by its agent in the School's name, the School must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For the fiscal year ended June 30, 2023, the carrying amounts of the School deposits at Banner Bank were \$878,730. All deposits are held in the name of the School. At June 30, 2023, the School had \$628,730 in deposits that were not covered by FDIC insurance.

Credit Risk - State Statutes authorize the School to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The School has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk - The School is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The School has no such investments.

Interest Rate Risk - The School has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

**VIBES PUBLIC CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 3 – CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2023, are as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance June 30, 2023</u>
Capital assets being depreciated or amortized:				
Equipment	\$ 101,267	\$ -	\$ -	\$ 101,267
Right of use asset	<u>3,122,071</u>	<u>-</u>	<u>-</u>	<u>3,122,071</u>
Total capital assets being depreciated or amortized	<u>3,223,338</u>	<u>-</u>	<u>-</u>	<u>3,223,338</u>
Less accumulated depreciation or amortization for:				
Equipment	(23,100)	(20,253)	-	(43,353)
Right of use asset	<u>(346,897)</u>	<u>(346,897)</u>	<u>-</u>	<u>(693,794)</u>
Total accumulated depreciation or amortization	<u>(369,997)</u>	<u>(367,150)</u>	<u>-</u>	<u>(737,147)</u>
Total capital assets, net	<u>\$ 2,853,341</u>	<u>\$(367,150)</u>	<u>\$ -</u>	<u>\$ 2,486,191</u>

Depreciation and amortization expense for the year ended June 30, 2023, was charged to the following programs:

Program:	
Instruction	\$ 268,020
Support services	<u>99,130</u>
Total depreciation	<u>\$ 367,150</u>

NOTE 4 – RELATED PARTIES

Kids Unlimited of Oregon and the School have multiple agreements which include a labor agreement, a facility lease, and multiple shared costs. The total amount the School paid Kids Unlimited of Oregon during the year ending June 30, 2023 was \$6,075,204. This amounts to 83% of all expenses paid by the School during the fiscal year.

The School has a payable to Kids Unlimited of Oregon as of June 30, 2023. The amount owed at fiscal year-end is \$507,653. This payable is for rent, contract labor, transportation, and general operating expenses.

NOTE 5 – LEASES PAYABLE

The School entered into a non-cancellable lease agreement on July 1, 2021 for the use of certain property. The agreement is a qualified lease under GASB Statement No. 87 and expires on June 30, 2030. The interest rate is 4.45% with annual payments of \$420,000.

**VIBES PUBLIC CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5 – LEASES PAYABLE (Continued)

During the year ended June 30, 2023, lease principal and interest payable of \$301,649 and \$118,351 were made, respectively. Lease payable at June 30, 2023 consisted of the following:

Fiscal Year ending	Principal	Interest	Total
June 30,			
2024	315,340	104,660	420,000
2025	329,653	90,347	420,000
2026	344,615	75,385	420,000
2027	360,256	59,744	420,000
2028	376,606	43,393	419,999
2029-2030	805,400	34,730	840,130
Total	<u>\$ 2,531,870</u>	<u>\$ 408,259</u>	<u>\$ 2,940,129</u>

NOTE 6 – CLAIMS AND LITIGATION

Management has represented that there are no contingent liabilities that require disclosure or recognition. Such contingent liabilities would include, but not be confined to: notes or accounts receivable have been discounted; pending suits; proceedings, hearings or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

NOTE 7 – STUDENT ADM REVENUE – NET OF DISTRICT SPONSORSHIP

The School operates under authority of Medford School District who grants a charter to the School and exercises oversight as required by Oregon law. In return for sponsoring the Charter School and providing oversight, the District is also entitled under Oregon law to retain up to 20% of the School's enrollment-based revenue for grades K-8. The District has opted to retain 15% of enrollment-based revenue. The \$5,271,940 of ADM revenue received from the District during the fiscal year ending June 30, 2023 was net of the elected 15% retainage.

NOTE 8 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The School's operations are concentrated within Medford School District boundaries. In addition, substantially all the School's revenues for continuing operations are from pass-through dollars from Medford School District in the form of ADMw. The School may also receive various grants from the State of Oregon and Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with the conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 9 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage in the past three years.

NOTE 10 – SUBSEQUENT EVENTS

Management of the School has evaluated events and transactions occurring after June 30, 2023 through the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. There were no additional events and/or transactions that required recognition and disclosure in the financial statements.



**| INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE
REGULATIONS**



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

To the Board of Directors
Vibes Public Charter School
Medford, Oregon

We have audited the basic financial statements of Vibes Public Charter School (the School) as of and for the year ended June 30, 2023 and have issued our report thereon dated December 14, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures but were not limited to the following:

- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our audit, nothing came to our attention that caused us to believe the School was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the School's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

Restrictions on Use

This report is intended solely for the information and use of management, Board of Directors of the School, the Oregon Secretary of State, and is not intended to be and should not be used by anyone other than these parties.



Jeny Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 14, 2023