Pinecrest Academy of Nevada

Basic Financial Statements
As of and For the Year Ended June 30, 2021

Pinecrest Academy of Nevada

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As of and For the Year Ended
June 30, 2021

Pinecrest Academy of Nevada

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Independent Auditor's Report

Board of Directors
Pinecrest Academy of Nevada
Las Vegas, Nevada

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund of Pinecrest Academy of Nevada (the School), as of and for the year ended June 30, 2021, 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 present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of the School, as of June 30, 2021, and the respective changes in financial position and, the respective budgetary comparison for the General Fund 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 these 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 within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

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 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 9 and the Schedule of the School's Proportionate Share of the Net Pension Liability and Schedule of the School's Contributions on pages 38 through 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The schedule of activities by location is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Activities by Location has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

BDO USA, LLP

January 26, 2022

This section of the annual financial report for Pinecrest Academy of Nevada (the School) provides an overview of the School’s financial activities as of and for the fiscal year ended June 30, 2021. It should be read in conjunction with the financial statements, which immediately follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School’s annual report. This report has three components: 1) management’s discussion and analysis (this section), 2) the basic financial statements, and 3) required supplementary information. The basic financial statements include two types of statements presenting different views of the School:

School-Wide Financial Statements

The School-Wide financial statements are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business, using the accrual basis of accounting.

The Statement of Net Position presents information on all of the School’s assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference is reported as net position. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information on how the School’s net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance related legal requirements.

All funds of the School are governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the school-wide financial statements. Governmental fund financial statements, however, focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. They are reported using the modified accrual basis of accounting. Such information may be used to evaluate a government’s requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School’s budget.

School-Wide Financial Analysis

The Statement of Net Position provides the perspective of the School as a whole. The table below provides a summary of the School's net position as of June 30:

	2021	2020
Assets		
Current assets	$ **47,465,540**	$ 35,606,848
Capital assets, net	**111,702,053**	103,502,904
Total Assets	**159,167,593**	139,109,752
Deferred Outflows of Resources	**21,802,222**	18,789,136
Liabilities:		
Current liabilities	**9,138,260**	6,963,297
Long-term liabilities	**183,906,118**	157,922,380
Total Liabilities	**193,044,378**	164,885,677
Deferred Inflows of Resources	**1,878,906**	2,252,265
Net Position:		
Net investment in capital assets	**(13,513,292)**	(9,416,338)
Restricted	**4,282,683**	3,444,918
Unrestricted	**(4,722,860)**	(3,267,634)
Total Net Deficit	$ **(13,953,469)**	$ (9,239,054)

The unrestricted net deficit of governmental activities represents the accumulated results of life-to-date operations. The results of the current-year operations for the School as a whole are reported in the Statement of Activities, which shows changes in net position(deficit). The decrease in the net deficit was due to an increase in the pension expense as a result of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The deferred outflows/inflows were also a result of GASB Statement No. 68. The restricted net position increased due to the new bond issuance providing an increase of restricted project funds. Net investment in capital assets totaled a deficit of $13,513,292. This compares the original cost, less depreciation of the School's capital assets, to long-term debt used to finance the acquisition of the assets.

The results of this year's operations for the School as a whole are reported in the summarized Statements of Activities (below) which shows the changes in net position for the fiscal years ended June 30:

	2021	2020
Revenues:		
Operating grants	$ 3,142,373	$ 2,737,582
Student generated funds	1,331,419	3,278,658
General revenue:		
State unrestricted	50,507,442	44,699,645
Interest Income	2,574	170,045
Other	243,793	503,074
Total Revenues	55,227,601	51,389,004
Expenses:		
Instruction	31,399,268	27,364,944
Support services	17,508,676	16,917,988
Interest expense	6,895,106	5,017,612
Bond issuance cost	881,748	730,490
Depreciation	3,257,218	2,613,255
Total Expenses	59,942,016	52,644,289
Change in Net Position (Deficit)	(4,714,415)	(1,255,285)
Net Deficit, beginning of year	(9,239,054)	(7,983,769)
Net Deficit, end of year	$ (13,953,469)	$ (9,239,054)

A reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities appears on page 17.

As reported in the statement of activities, the cost of all governmental activities this year was $59,942,016. Increase over prior year was due to an increase in enrollment related to expanding grades at the recently opened K-12 school. Certain activities were partially funded by other governments with grants and the majority of the costs were funded with State funding due to the increased enrollment. The School experienced a decrease in net position of $4,714,415. This was mainly due to the increased costs from the pension liability, bond issuance costs, interest on bonds payable, and increased depreciation related to buildings.

The School's Funds

As noted earlier, the School uses Funds to help it control and manage money for particular purposes. Looking at Funds helps the reader consider whether the School is being held accountable for the resources taxpayers and others provide to it and may give more insight into the School's overall financial health.

As the School completed this year, the governmental funds reported a combined fund balance of $43,104,405, this was an increase of $10,375,553 from the prior year. The primary reason for this increase was due to a new bond issued in October 2020 for expansion of the Sloan Canyon campus. The General Fund fund balance increased $10,380,675 due to the new bond. The fund balance of the Student Activities Fund decreased $5,122 reflecting results of yearly operations that fluctuates year to year.

Capital Assets

Pursuant to the Nevada Department of Education, the capitalization threshold for assets purchased by the School is established at a value of $5,000. At this time, the School has capital assets net of accumulated depreciation of $111,702,053 consisting of buildings, building improvements, land, land improvements, and furniture, equipment and other. This amount represents a net increase (including additions, deductions, and depreciation) of approximately $8,199,000 due to the expansion of the Sloan Canyon. Construction of the expansion is expected to be completed in fiscal year 2022. We present more detailed information about our capital assets in the notes to the financial statements.

Long-Term Obligations

At the end of this year, the School had $149,010,295 in long-term obligations, a net increase of $17,701,000 resulting from entering into a Bond in December 2020. We present more detailed information about our long-term obligations in the notes to the financial statements.

General Fund Budget Analysis and Highlights

The Board of Directors of Pinecrest Academy of Nevada adopted an annual budget for the School. Prior to the start of the school year, the School will create an initial budget based on estimated economic funding factors and projected enrollment. As these economic and enrollment factors become known subsequent to the school year beginning, a final revised budget is prepared and approved by the School's Board of Directors which shows a decreased final budget in revenues and expenditures due to a decrease in enrollment then estimated. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the School's budget.

Actual revenues were above the final budget due to approximately $4,259,000 in State funds received over budget, as well as $974,000 in Federal funds. This was due to increased enrollment over the budgeted enrollment. Other revenues were $4,250,000 under budget due to timing of anticipated forgiveness of the PPP Loan. The actual expenditures were above the final budget by approximately $479,289.

The original budget and final amended budget for revenue increased approximately $3,500,000 due to additional State and Federal funding resulting from increased enrollment. The original budget and final amended budget for expenditures increased approximately $49,000,000, due to additional capital outlay of $11,500,000 related to the Sloan Canyon expansion and $35,000,000 related to a Bond exchange for the 2018AB Bond. The original budget and final amended budget for other financing sources increased by approximately $54,000,000 due to bonds issued.

Economic Factors and Next Year's Budget

The Administration and Board of Education consider many factors and make assumptions based on the best available information when setting the School's operating budget. Since such a significant portion of the School's revenue is dependent on State funding and the health of the State's School Fund, the actual revenue received depends on the State's ability to collect revenues to fund its committed appropriation to school districts. It doesn't appear that the revenue system in place can keep pace with spending pressures school districts statewide are experiencing from increases in retirement contributions, employee health insurance, general pay raises, and energy costs. The Board and Administration take all this into account when setting the budget and trying to maintain a sufficient fund balance which will allow us to address this ever changing situation.

Another important factor affecting the School's budget is our student count. State funding revenue is determined by multiplying the blended student count by the State allowance per pupil. Based on preliminary counts for the 2021-2022 fiscal year, we are estimating enrollment to increase over the prior year. The increase in enrollment is driven by the additional grade level at Sloan Canyon.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 Outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

As a result, it is critical that the School maintain an adequate fund balance in order to be able to react to these ever changing conditions and to provide for the fair and equitable treatment of both our students and employees.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions appropriating funds from programs of the United States Department of the Treasury and Department of Education to be used to make payments for specified uses to states and certain local governments.

It also appropriated funds for the SBA Paycheck Protection Program loans (PPP) that are forgivable in certain situations to promote continued employment. The School received $4,589,200 funding from the PPP program.

The School continues to examine the impact that the CARES Act may have on its operations. During the 2021-2022 fiscal year the School is anticipating continued Federal Grants approved by the CARES Act.

Requests for Information

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information can be obtained from the Chief Financial Officer of Academica Nevada, LLC, 6630 Surrey St. Las Vegas, NV 89119.

Basic Financial Statements

School-Wide

Pinecrest Academy of Nevada

School-Wide Financial Statements
Statement of Net Position

June 30, 2021		Governmental Activities
Assets		
Current Assets:		
Cash	$	16,026,053
Restricted cash		26,093,482
Accounts receivable, net		5,078,466
Other assets		267,539
Total Current Assets		47,465,540
Non-Current Assets		
Capital assets not depreciated - land and improvements		32,858,123
Capital assets being depreciated, net of accumulated depreciation		78,843,930
Total Assets	$	159,167,593
Deferred Outflows of Resources - Pension Related	$	21,802,222
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities:		
Accounts payable and accrued expenses	$	6,966,184
Current portion of bonds payable		385,000
Current portion of note payable		948,864
Current portion of capital leases		838,212
Total Current Liabilities		9,138,260
Non-Current Liabilities:		
Bonds payable and bond premium		142,115,305
Note payable		3,640,336
Capital leases		1,082,578
Net pension liability		37,067,899
Total Non-Current Liabilities		183,906,118
Total Liabilities	$	193,044,378
Deferred Inflows of Resources - Pension Related	$	1,878,906
Net Position (Deficit):		
Net investment in capital assets		(13,513,292)
Restricted for capital improvements		2,746,135
Restricted for national school lunch		437,959
Restricted for student activities		1,098,589
Unrestricted		(4,722,860)
Total Net Position (Deficit)	$	(13,953,469)

See accompanying independent auditor's report and notes to financial statements.

Pinecrest Academy of Nevada

School-Wide Financial Statements
Statement of Activities

Year Ended June 30, 2021	Expenses	Program Revenues: Operating Grants	Program Revenues: Charges for Services	Net (Expense) Revenue and Changes in Net Position: Total
Functions/Programs Governmental activities:				
Instruction (includes $4,053,454 related to net pension liability)	$ 31,399,268	$ 3,142,373	$ -	$ (28,256,895)
Support services (includes $969,636 related to net pension liability)	17,508,676	-	1,331,419	(16,177,257)
Depreciation	3,257,218	-	-	(3,257,218)
Interest expense	6,895,106	-	-	(6,895,106)
Bond issuance cost	881,748	-	-	(881,748)
Total Governmental Activities	$ 59,942,016	$ 3,142,373	$ 1,331,419	(55,468,224)
General Revenues:				
State unrestricted revenues				50,507,442
Other revenues				246,367
Total General Revenues				50,753,809
Change in Net Position (Deficit)				(4,714,415)
Net Position (Deficit), Beginning of Year				(9,239,054)
Net Position (Deficit), End of Year				$ (13,953,469)

See accompanying independent auditor's report and notes to financial statements.

Pinecrest Academy of Nevada

Governmental Funds
Balance Sheet

June 30, 2021	General	Student Activities	Total Governmental Funds
Assets			
Current Assets:			
Cash	$ 16,026,053	$ -	$ 16,026,053
Restricted cash	24,994,893	1,098,589	26,093,482
Accounts receivable, net	5,061,181	17,285	5,078,466
Other assets	267,539	-	267,539
Total Assets	**$ 46,349,666**	**$ 1,115,874**	**$ 47,465,540**
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued expenses	$ 4,361,135	$ -	$ 4,361,135
Fund Balances:			
Restricted for capital investments	**21,810,799**	**-**	**21,810,799**
Restricted for national school lunch	**437,959**	**-**	**437,959**
Restricted for student activities	**-**	**1,115,874**	**1,115,874**
Unassigned	**19,739,773**	**-**	**19,739,773**
Total Fund Balances	**41,988,531**	**1,115,874**	**43,104,405**
Total Liabilities and Fund Balances	**$ 46,349,666**	**$ 1,115,874**	**$ 47,465,540**

See accompanying independent auditor's report and notes to financial statements.

Pinecrest Academy of Nevada

Reconciliation of Fund Balance of Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position

Year Ended June 30, 2021

Total Fund Balances – Total Governmental Funds (Page 13)			$	43,104,405
Amount reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The net capital assets consist of:				
Capital assets, at cost	$	121,380,465		
Accumulated depreciation		(9,678,412)		111,702,053
Deferred outflows and deferred inflows of resources related to pensions are applicable to future periods and therefore are not reported in the governmental funds.				
Deferred outflows of pension plan changes		21,802,222		
Deferred inflows of pension plan changes		(1,878,906)		19,923,316
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These consist of:				
Accrued interest		(2,605,049)		
Bonds payable and bond premium		(142,500,305)		
Note payable		(4,589,200)		
Capital leases		(1,920,790)		
Net pension liability		(37,067,899)		(188,683,243)
Net Position (Deficit) of Governmental Activities (Page 11)			$	(13,953,469)

See accompanying independent auditor's report and notes to financial statements.

Pinecrest Academy of Nevada

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021		General		Student Activities		Total Governmental Funds
Revenues						
State sources	$	51,186,250	$	-	$	51,186,250
Federal sources		2,463,565		-		2,463,565
Other Sources		246,367		1,331,419		1,577,786
Total Revenues		53,896,182		1,331,419		55,227,601
Expenditures						
Instruction						
Salaries		18,318,659		-		18,318,659
Supplies		1,960,437		-		1,960,437
Benefits		5,998,781		-		5,998,781
Purchased services		1,024,418		-		1,024,418
Other		43,518		-		43,518
Total instruction expenditures		27,345,813		-		27,345,813
Support services						
Operations		3,481,561		-		3,481,561
Salaries		4,382,050		-		4,382,050
Purchased services		4,511,966		-		4,511,966
Benefits		1,894,231		-		1,894,231
Student activities		-		1,273,285		1,273,285
Other		718,761		-		718,761
Supplies		277,186		-		277,186
Total support services expenditures		15,265,755		1,273,285		16,539,040
Capital outlay		11,456,368		-		11,456,368
Debt Service						
Principal		36,553,135		-		36,553,135
Interest		6,330,414		-		6,330,414
Bond issuance cost		881,748		-		881,748
Total Expenditures		**97,833,233**		**1,273,285**		**99,106,518**
Excess (deficiency) of revenues over expenditures		(43,937,051)		58,134		(43,878,917)
Other financing sources (uses):						
Bond issued		53,335,000		-		53,335,000
Premium on bond		919,470		-		919,470
Transfer in		63,256		-		63,256
Transfer out		-		(63,256)		(63,256)
Total Other Financing Sources (Uses)		54,317,726		(63,256)		54,254,470
Changes in Fund Balances		**10,380,675**		**(5,122)**		**10,375,553**
Fund balances, beginning of year		31,607,856		1,120,996		32,728,852
Fund balances, end of year	**$**	**41,988,531**	**$**	**1,115,874**	**$**	43,104,405

See accompanying independent auditor's report and notes to financial statements.

Pinecrest Academy of Nevada

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities

Year Ended June 30, 2021

Net Change in Fund Balances – Total Governmental Funds (Page 15)			$	10,375,552
Amounts reported for governmental activities in the Statement of Activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful live as depreciation expense.				
Capital outlay	$	11,456,368		
Depreciation expense		(3,257,218)		
Net effect of capital assets activity				8,199,150
Issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bonds and capital leases is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums when debt is issued, whereas the amounts are amortized in the Statment of Activities.				
Accrued interest				(564,692)
Principal payments and bond premium amortization				36,553,135
Capital lease, bonds and bond premium				(54,254,470)
Net effect of debt activity				(18,266,027)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.				
Pension expense				(5,023,090)
Change in Net Position (Deficit) of Governmental Activities (Page 12)			$	(4,714,415)

See accompanying independent auditor's report and notes to financial statements.

Pinecrest Academy of Nevada

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual

Year Ended June 30, 2021		Original Budget		Final Budget	Actual		Variance Over(Under)
Revenues							
State	$	45,597,740	$	44,701,837	48,885,079	$	4,183,242
State special education		2,351,191		2,224,546	2,301,171		76,625
Federal		890,858		890,858	1,787,103		896,245
Federal special education		598,500		598,500	676,462		77,962
Other		-		4,500,000	246,367		(4,253,633)
Total revenues		49,438,289		52,915,741	53,896,182		980,441
Expenditures							
Instruction		25,189,864		27,006,326	27,345,814		339,488
Support services		17,382,865		16,345,547	15,265,755		(1,079,792)
Capital outlay		-		11,456,368	11,456,368		0
Debt service		6,178,703		42,545,703	43,765,297		1,219,594
Total expenditures		48,751,432		97,353,944	97,833,234		479,290
Excess (deficiency) of Revenues over Expenditures		686,857		(44,438,203)	(43,937,052)		501,151
Other financing sources (uses):							
Bond issued		-		53,335,000	53,335,000		-
Premium on bond		-		919,470	919,470		-
Transfers in		-		-	63,256		63,256
Change in Fund Balance	$	686,857	$	9,816,267 $	10,380,674		564,407

See accompanying independent auditor's report and notes to financial statements.

1. Description of Business and Summary of Significant Accounting Policies

Description of Activity

Pinecrest Academy of Nevada (the "School"), is a charter school established in 2013 under Nevada Revised Statue 386.500. The School's major operation is to offer an educational environment integrated with the arts where learning is maximized through individual instruction, interdisciplinary projects and access to a full spectrum of technological resources for kindergarten through eighth grade in Southern Nevada. For fiscal year ended June 30, 2021, the School had five campuses, Horizon, St. Rose, Cadence, Inspirada, and Sloan Canyon.

The School receives funding from the state and government sources and must comply with the requirements of these funding sources. However, the School is not included in any other governmental reporting entity as defined in Governmental Accounting Standards Board ("GASB") pronouncements.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. GASB is the accepted standard-setting body for established governmental accounting and financial reporting principles.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. It is reasonably possible actual results could differ materially from those estimates and that a change in estimate may occur in the near term.

Basis of Presentation

The School-wide financial statements report information on all of the nonfiduciary activities of the School. The effect of interfund activity has been removed from these statements. All the School's school-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (a) charges to recipients who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenue.

Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting used to reflect actual results. The funds of the School are subject to state budgetary accounting controls and all budgets are adopted annually, prior to the beginning of the fiscal year. Periodic budget revisions to funds occur during the fiscal year as needed.

The budgetary data reflected in the financial statements is established by the School using the procedures outlined below:

Prior to March, the various management personnel review the operating budget for the fiscal year commencing the following July 1 and submit them to the Board of Directors.

This information is used to develop an initial budget and authorizing resolution for the General Fund. This includes the proposed expenditures and the means of financing them.

In April, the initial budget resolution is subjected to a public hearing before the Board and is adopted after this hearing and before April 15, as required by state law. The budget is amended and approved when needed with a Final Revised version due to the School's Authorizing Body in June prior to the commencing of the fiscal year beginning July 1.

Various administrators are authorized to transfer budgeted amounts within functions of any fund; however, any revisions that alter the total expenditures of any fund, which is the legal level of budgetary control, must be approved by the Board. The final budget reflects all revisions approved by the Board during the year. Unexpended appropriations lapse at year-end. The budget is integrated with the accounting system of the School and is used as a management control device during the year.

The budget to actual statement presented represents the original and final budget for the full fiscal year ended June 30, 2021.

Fund Statements

Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue not meeting this definition is classified as a deferred inflow of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to the net pension liability are only recorded when due.

School-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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Classification

The financial activities of the School are organized on the basis of funds. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets deferred outflow of resources, liabilities, deferred onflow of resources, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The following is a description of the Governmental Funds of the School.

- General Fund – used as the general operating fund of the School. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund for the School.

- Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School operates one special revenue fund, the Student Activities Fund, and is considered a major fund. The main source of revenue is from student activities.

Cash

Cash principally consists of demand deposits with financial institutions and highly liquid investments having maturities of three months or less when purchased. The Federal Deposit Insurance Corporation (FDIC) general deposit insurance rules provide $250,000 of insurance per account. The School's cash balances may at times exceed federally insured limits. The School has never experienced any losses related to these balances. At June 30, 2021 the School's bank balances exceeded this limit by $41,852,022.

Restricted Cash

Restricted cash principally consists of demand deposits with financial institutions. Restricted cash is cash reserved for a specific purpose and therefore not available for immediate or general use. At June 30, 2021 the School's balance consisted of $26,096,482 restricted for use as described by the School's Series 2018A, 2018B, 2020AB bonds, student activities, and the National School Lunch Program.

Receivables

At times, the School has amounts receivable from various sources. As of June 30, 2021, the School had accounts receivable of $5,078,466.

The School makes judgements about its ability to collect outstanding accounts receivable. If necessary, the School establishes an allowance if collection becomes doubtful, based primarily on the aging of the specific invoice. The School has recorded an allowance of $0 against outstanding accounts receivable for the school year ending June 30, 2021.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Donated capital assets are stated at their acquisition value as of the donation date. Depreciation is provided principally on the straight-line method over the estimated useful lives of the assets, which are generally 20 to 40 years for buildings and improvements and 3 to 15 years for furniture, equipment and other. It is the policy of the School to capitalize all capital assets costing more than $5,000 with an estimated useful life of three or more years. This policy is also in line with the Nevada Department of Education mandated threshold for capitalization. Improvements are capitalized and depreciated over the remaining useful lives of related capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Expenditures for property betterments and renewals are capitalized. Upon sale or other disposition of depreciable assets, cost and accumulated depreciation are removed from the accounts and any gain or loss is recorded upon disposal.

Management reviews the recoverability of its capital assets in accordance with the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*. GASB Statement No. 42 requires recognition of impairment of long-lived assets in the event the asset's service utility has declined significantly and unexpectedly. Accordingly, management evaluates assets' utility annually or when an event occurs that may impair recoverability of the asset. No impairments were identified as of June 30, 2021.

Pension Plan

For purpose of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees Retirement System of Nevada (PERS) and additions to/ deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. On an annual basis the PERS unfunded liability is reevaluated and the changes are reflected in the Schools annual financial statements.

Deferred Outflows/Inflows of Resources

Deferred Outflows - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School has four items related to the pension which are changes in proportion and differences between employers contributions and proportionate share of contributions; differences between expected and actual experience; change in actuarial assumptions; and contributions subsequent to the measurement date that qualify for reporting in this category. These amounts are amortized in the plan year in which it applies.

Deferred Inflows - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School has two items that qualify for reporting in this category. It is the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results; and net difference between projected and actual earnings on pension plan investments. The amounts are amortized over a five-year period.

Revenue Sources

State funding – The School receives funding from the State of Nevada as administered by the Nevada Department of Education based on the number of students enrolled in its schools. The State provides unrestricted funding for normal school operations.

Federal grants – The School has received federal grants, which are paid through the Nevada Department of Education. Funds are generally received on a reimbursement basis and, accordingly, revenues related to these federal grants are recognized when qualifying expenditures have been incurred and when all other grant requirements have been met.

Revenues from auxiliary services are recognized as services are provided. Other revenues are recognized as earned.

Income Taxes

The School is exempt from taxation as a governmental entity pursuant to Internal Revenue Code Section 115. The School qualifies for public charity status by meeting the requirements of Internal Revenue Code Sections 509(1) and 170(b)(1)(A)(ii).

Long-term Obligations

In the School-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of applicable premium or discount. Premiums and discounts on bonds issued are amortized over the life of the related bonds on a straight line basis, which approximates the effective interest rate method. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize the face amount of debt as other financing sources. Premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

Compensated Absences

The School allows licensed instructional staff ("Teachers") eleven days of paid time off ("PTO") per year. Teachers who return the following school year will be able to rollover all unused PTO up to a total of 30 days. In addition, Teachers who use five days or less of PTO during the previous year may cash out up to eleven days at 80% of the teachers daily rate of pay. No more than eleven days may be cashed out per year. Accrued compensated absences was approximately $271,972 all current, and reported in accrued expenses of the General Fund.

Net Position, Fund Balance and Flow Assumptions

The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources is "net position" on the school-wide, and "fund balance" on governmental fund statements. Net position/Fund balance is classified in the following three categories:

Net Investment in Capital Assets — Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, and other debt that are attributed to the acquisition, construction or improvements of those assets.

Restricted Net Position/Restricted Fund Balance — Restricted net position/fund balance results when constraints placed on an asset's use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position (Deficit)/Unassigned Fund Balance — Unrestricted net position (deficit)/unassigned fund balance consists of net position/fund balance that does not meet the definition of the two preceding categories.

When an expense/expenditure is incurred for purposes for which both restricted and unrestricted net position, and fund balance are available, the School's policy is to first apply restricted resources. When an expenditure is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School's policy to spend funds in this order: committed, assigned, and unassigned.

Contributions

All contributions received are recognized as revenue when received. Contributions received are recorded as restricted support and are for the sole use of the school location they were generated from. Contributions are typically recorded in the Student Activities Fund.

Recent Accounting Pronoucements

The GASB has recently issued the following statements that are applicable to the School, which the School has is assessing the impact of the implementation, if any, on its financial statements as of June 30, 2021:

Statement No. 87, Leases, requires that a government recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement enhances the consistency and relevance of a governments' leasing activities by requiring a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by required notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The School is required to implement this Statement for fiscal year ending June 30, 2022, and Management is still evaluating the impact of this Statement.

Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The School is required to implement this Statement for fiscal years beginning after June 15, 2021 which will be the School's fiscal year ending June 30, 2022. This will not impact the School as they are not an enterprise fund.

Statement No. 91, Conduit Debt Obligations will 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. A conduit debt obligation is defined as a debt instrument having all of the following characteristics (a) there are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee, (b) the issuer and the third-party obligor are not within the same financial reporting entity, (c) the debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer, (d) the third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance and (e) the third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments). All conduit debt obligations involve the issuer making a limited commitment. An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. This Statement also addresses arrangements often characterized as leases that are associated with conduit debt obligations. This Statement requires issuers to disclose general information about their conduit debt obligations. This Statement is effective for reporting periods beginning after December 15, 2021 which will be the School's fiscal year ending June 30, 2023. Management is still evaluating the impact of this Statement.

GASB Statement No. 94, Public-private and Public-public partnerships and availability payment arrangements will improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which is a PPP in which (1) The operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for reporting periods beginning after June 15, 2022 which will be the School's fiscal year ending June 30, 2023. Management is still evaluating the impact of this Statement.

GASB Statement No. 96, Subscription-Based information Technology Arrangements provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. A government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly: (1) Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred;
(2) Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset; (3) Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria. If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. This Statement provides an exception for short-term SBITAs, those having a maximum possible term of 12 months (or less), including any options to extend, regardless of their probability of being exercised. These SBITAs should be recognized as outflows of resources. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. This Statement is effective for reporting periods beginning after June 15, 2022 which will be the School's fiscal year ending June 30, 2023. Management is still evaluating the impact of this Statement.

GASB Statement No. 97, Certain component unit criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. This Statement is effective for reporting periods beginning after December 15, 2021 which will be the School's fiscal year ending June 30, 2023. The School participates in a State Pension Plan and Management has determined there is no impact of this Statement.

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2. Capital Assets

Capital assets consist of the following as of June 30, 2021:

	July 1, 2020	Additions	Deletions	**June 30, 2021**
Governmental Activities:				
Capital assets not depreciated:				
Construction in Process	$ 136,700	$ 11,456,368	$ -	**$ 11,593,068**
Land and improvements	21,265,054	-	-	**21,265,054**
Total capital assets not depreciated	21,401,754	11,456,368	-	**32,858,122**
Capital assets being depreciated:				
Buildings and improvements	81,255,003	-	-	**81,255,003**
Furniture, equipment and other	7,267,340	-	-	**7,267,340**
Total capital assets being depreciated	88,522,343	-	-	**88,522,343**
Less accumulated depreciation for:				
Buildings and improvements	(2,097,017)	(2,061,096)	-	**(4,158,113)**
Furniture, equipment and other	(4,324,177)	(1,196,122)	-	**(5,520,299)**
Total accumulated depreciation	(6,421,194)	(3,257,218)	-	**(9,678,412)**
Total capital assets being depreciated, net	82,101,149	(3,257,218)	-	**78,843,931**
Net Capital Assets	$ 103,502,903	$ 8,199,150	$ -	**$ 111,702,053**

Depreciation for year ended June 30, 2021 was $3,257,218. The School determined it was impractical to allocate depreciation to the various functions as the assets serve multiple functions.

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3. Long-Term Obligations

Long-term obligations consist of the following as of June 30, 2021:

	Balance July 1, 2020	Additions	Payments/ Deductions	Balance, June 30, 2021	Due Within One Year
Revenue Bonds, Series 2018AB-Sloan	$ 35,000,000	$ -	$ 35,000,000	$ -	$ **-**
Revenue Bonds, Series 2018AB	42,300,000	-	350,000	41,950,000	**385,000**
Revenue Bonds, Series 2020AB	42,365,000	-	-	42,365,000	**-**
Revenue Bonds, Series 2020A2-Sloan	-	34,250,000	-	34,250,000	$ **-**
Revenue Bonds, Series 2020AB-Sloan	-	19,085,000	-	19,085,000	$ **-**
PPP Note payable – Direct Borrowing	4,589,200	-	-	4,589,200	**948,864**
Bond premium	4,025,633	919,470	94,798	4,850,305	**-**
	128,279,833	54,254,470	35,444,798	147,089,505	**1,333,864**
Capital leases	3,029,129	-	1,108,339	1,920,790	**838,212**
	$ 131,308,962	$ 54,254,470	$ 36,553,137	$ 149,010,295	**$ 2,172,076**

In November 2018, the School obtained financing of $35,000,000 through the issuance of Series 2018A and 2018B bonds (the "Bonds"). These Bonds have interest rates of 5.5% to 6.5%, which are collateralized with pledged gross revenues. The proceeds of the Bonds were used to: (i) purchase the land and fund the contruction of a new building in Sloan Canyon, (ii) pay the cost of issuing the 2018A and 2018B bonds. In October 2020, the Schools issued a new bond using the proceeds to payoff the full principal balance.

In December 2018, the School obtained financing of $42,300,000 through the issuance of Series 2018A and 2018B bonds (the "Bonds"). These Bonds were sold at a premium of $1,730,750 and have interest rates of 5% to 5.75%, which are collateralized with pledged gross revenues. The proceeds of the Bonds were used to: (i) purchase the land and buildings of the Horizon, St. Rose and Inspirada campuses; (ii); pay the cost of issuing the 2018A and 2018B bonds. As of June 30, 2021, the School was compliant with all covenants of the Bonds.

In February 2020, the School obtained financing of $42,365,000 through the issuance of Series 2020A and 2020B bonds (the "Bonds"). These Bonds were sold at a premium of $2,933,910 with an underwriter discount of $529,562 and have interest rate of 4%, which are collateralized with pledged gross revenues. The proceeds of the Bonds were used to: (i) purchase the land and buildings of the Cadence campus; (ii); pay the cost of issuing the 2020A and 2020B bonds. As of June 30, 2021, the School was compliant with all covenants of the Bonds.

In October 2020, the School obtained financing of $53,335,000 through the issuance of a Series 2020A-2 and 2020AB-1 bonds (the "Bonds"). The Series 2020AB-1 Bond was sold at a premium of $1,158,032 with an underwriter discount of $238,562. Both bonds have interest rate of 4%-5%, which are collateralized with pledged gross revenues. The proceeds of the Bonds were used to: (i) exchange Bod Series 2018AB; (ii); pay the cost of issuing the 2020A and 2020B bonds; (iii) add project funds for the construction of Sloan Canyon's building expansion. As of June 30, 2021, the School was compliant with all covenants of the Bonds.

As of June 30, 2021, minimum future payments under the bonds are as follows:

Years ending June 30,	Principal	Interest	Total
2022	$ 385,000	$ 7,091,428	$ 7,476,428
2023	1,400,000	7,050,521	8,450,521
2024	1,480,000	6,986,671	8,466,671
2025	1,730,000	6,914,709	8,644,709
2026	2,570,000	6,813,921	9,383,921
2027 - 2031	14,710,000	32,030,684	46,740,684
2032 - 2036	18,515,000	27,880,369	46,395,369
2037 - 2041	23,915,000	22,440,746	46,355,746
2042 - 2046	30,985,000	15,319,553	46,304,553
2047 - 2051	33,800,000	6,369,956	40,169,956
2052 - 2054	8,160,000	556,956	8,716,956
	$ 137,650,000	**$ 139,455,514**	**$ 277,105,514**

PPP Loan

On April 15, 2020, the School entered into a financing agreement in the amount of $4,589,200 with Nevada State Bank. The School received the loan through the SBA Paycheck Protection Program loans (PPP), established on March 27, 2020, when President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." Interest is charged at 1% per annum, matures on April 17, 2025, and the first payment is deferred until October 17, 2021.

Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The School used the entire Loan amount for qualifying expenses as described in the CARES Act. As of June 30, 2021, the outstanding balance on the PPP Loan was $4,589,200, noting that absent relief, the minimum future payments for the loans would be the following:

Years ending June 30,	Principal	Interest	Total
2022	$ 385,000	$ 7,091,428	$ 7,476,428
2023	1,400,000	7,050,521	8,450,521
2024	1,480,000	6,986,671	,466,671
2025	1,730,000	6,914,709	8,644,709
	$ 4,589,200	**$ 151,282**	**$ 4,740,482**

Capital Leases

The School also entered into several financing lease agreements since 2013 with a financial institution for the use of furniture, equipment, textbooks, software and computers. As of June 30, 2021, future minimum payments under the capital lease agreements are as follows:

Years ending June 30,		**Total**
2022	$	869,515
2023		713,827
2024		385,723
Total minimum lease payments		1,969,065
Less Amounts representing interest		48,275
Present value of minimum lease payments	**$**	**1,920,790**

Assets acquired through outstanding capital leases are shown below:

	July 1, 2019	**Additions**	**Deletions**	**June 30, 2020**
Capital Lease Curriculum	$ 2,290,293	$ -	$ -	$ 2,290,293
Capital Lease Equipment	2,523,590	-	-	2,523,590
Capital Lease Furniture	2,420,852	-	-	2,420,852
Totals at historical cost	7,234,735	-	-	7,234,735
Less accumulated depreciation	4,350,855	1,211,711	-	5,562,566
Net Capital Lease Assets	$ 2,883,880	$ 1,211,711	$ -	$ 1,672,169

4. Operating Leases

The school leases various office equipment under an operating lease. Lease expense for office equipment in 2021 totaled $210,114.

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5. Unrestricted Net Position (Deficit)

The unrestricted net position (deficit) on the statement of net position consists of two parts, normal school operations and pension related. The normal school operations resulted in an excess of revenues over expenses of $3,448,439, while the pension related expenses were $4,903,665. The unrestricted net position(deficit) reconciles as follows:

	Normal School Operations	Pension Related	Total
Beginning balance	$ 8,973,284	$ (12,240,918)	$ (3,267,634)
Change in unrestricted net position (deficit)	3,448,439	(4,903,665)	(1,455,226)
Ending balance	$ 12,421,723	$ (17,144,583)	$ (4,722,860)

6. Pension Plan

Employers participating in the Public Employees' Retirement System of Nevada (PERS) and/or (the System) cost sharing multiple-employer defined benefit plans are required to report pension information in their financial statement for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. The PERS Schedule of Employer Allocations and Schedule of Pension Amounts by Employer provide employers with the required information for financial reporting.

The underlying financial information used to prepare the pension allocation schedules is based on PERS' financial statements. PERS' financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.

Contributions for employer pay dates that fall within PERS' fiscal year ended June 30, 2018, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations.

The total pension liability is calculated by the PERS' actuary. The plan's fiduciary net position is reported in PERS' financial statements and the net pension liability is disclosed in PERS' notes to the financial statements.

The PERS of Nevada's financial statements required the use of estimates and assumptions. The actual results may differ from these amounts.

Plan Description

PERS administers a cost-sharing, multi-employer defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

PERS publishes its own stand-alone comprehensive annual financial report which is available on the PERS website www.nvpers.org. Detailed information regarding the PERS fiduciary net position is available in that report.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any thirty-six consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For plan members entering the System on or after January 1, 2010, there is a 2.5% multiplier for all years of service. Regular plan members entering the System on or after July 1, 2015, have a 2.25% multiplier. For members entering the System, the System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - 286.579.

Vesting

Regular members entering the System prior to January 1, 2010, are eligible for retirement at age 65 with 5 years of service, at age 60 with 10 years of service, or at any age with 30 years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with 5 years of service, or age 62 with 10 years of service, or any age with 30 years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowance is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuarial funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and results in a relatively level long-term contribution requirement as a percentage of salary.

For the year ended June 30, 2020, the Statutory employer/employee matching rate was 15.25% for regular members. The Employer-Pay Contribution (EPC) rate was 29.25% for regular members. For the year ended June 30, 2021, these rates have remained unchanged. Employer contributions to the pension plan were $4,729,504 for the year ended June 30, 2021.

Investment Policy

The System policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Board adopted policy target asset allocation as of June 30, 2020:

Asset Class	*Target Allocation*	*Long-Term Geometric Expected Real Rate of Return**
Domestic stocks	42.00%	5.50%
International stocks	18.00%	5.50%
U.S. Bonds	28.00%	0.75%
Private Markets	12.00%	6.65%
Total	**100.0%**	

*As of June 30, 2018, PERS long-term inflation assumption was 2.75%

Pension Liability Discount Rate Sensitivity

The following presents the School's net pension liability of the PERS, calculated using the discount rate of 7.50%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	*Discount Rate (7.50%)*	*1% Increase in Discount Rate (8.50%)*
School's proportionate share of the net pension liability	$ 57,810,952	$ 37,067,899	$ 19,820,830

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website www.nvpers.org.

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.75%
Investment rate of return	7.50%
Productivity pay increase	0.5%
Projected salary increase	Regular 4.25% to 9.15%, depending on service rates including inflation and productivity increases
Consumer price index	2.75%
Other assumptions	Same as those used in the June 30, 2020 funding of actuarial valuation

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2020, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School reported a liability of $37,067,899 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating schools, actuarially determined. At June 30, 2020, the School's proportion was 0.26613 percent which was an increase of .05596 from its proportion measured as of June 30, 2019. The School's proportionate share of employer contributions recognized by PERS was $4,415,205 for the plan's fiscal year ended June 30, 2020.

For the year ended June 30, 2021, the School recognized pension expense of $9,752,594. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and differences between employers contributions and proportionate share of contributions	$ 14,879,847	$ -
Differences between expected and actual experience	1,041,197	478,637
Change in Actuarial assumptions	1,151,674	-
Net difference between projected and actual earnings on pension plan investments	-	1,400,269
Contributions subsequent to the measurement date	4,729,504	-
Total balance	**$ 21,802,222**	**$ 1,878,906**

Average expected remaining service lives: 6.13 years.

The $4,729,504 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ended June 30,	
2022	$ 4,257,241
2023	4,457,053
2024	3,155,711
2025	1,853,308
2026	1,306,674
2027	163,825
	$ 15,193,812

7. Related Parties

Management Agreement

The School entered into an agreement with Academica Nevada, LLC (the Management Company), a professional charter school management company to provide management and administrative services to the School. Services include, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of books and records, bookkeeping, budgeting and financial reporting. Under the terms of the management agreement, the School agrees to pay a fee of $450 per full time equivalent (FTE) student per year.

Management fees incurred under this agreement for the year ended June 30, 2021, was $2,918,945.

8. Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past year. In addition, there were no reductions in insurance coverage from those in the prior year.

9. Contingencies

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that the required refund will be immaterial. No provision has been made in the accompanying financial statements for the refund of grants monies.

10. Subsequent Events

Management has evaluated subsequent events through January 26, 2022, the date the financial statements were available to be issued. Based on that evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

Required Supplementary Information

Pinecrest Academy of Nevada

Schedule of the School's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years (Amounts Were Determined as of June 30, of Each Fiscal Year)

Year Ended June 30,*	School's proportion of net pension liability (%)	School's proportionate share of net pension liability	School's covered-employee payroll	School's proportionate share of net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of total pension liability
2014	0.032690%	$ 3,407,046	$ 3,087,149	110%	76.31%
2015	0.036440%	4,175,967	2,606,218	160%	75.13%
2016	0.100220%	13,486,747	6,989,475	193%	72.23%
2017	0.158360%	21,061,307	11,324,519	186%	74.42%
2018	0.201890%	27,532,904	13,095,200	210%	75.24%
2019	0.210170%	28,658,364	12,570,928	228%	76.50%
2020	0.266130%	37,067,899	19,170,210	193%	76.50%

(Ultimately, 10 fiscal years will be displayed (which will be built prospectively starting from 2014).

*Measurement date

See accompanying notes to required supplementary information.

Pinecrest Academy of Nevada

Schedule of the School's Contributions
Last 10 Fiscal Years (Amounts Were Determined as of June 30, of Each Fiscal Year)

Year Ended June 30,	Statutorily required contributions	Contributions in relation to statutorily required contributions	Contribution deficiency (excess)	School's covered-employee payroll	Contribution as a percentage of covered employee payroll
2015	$ 448,425	$ 448,425	$ -	$ 2,606,218	17.21%
2016	1,370,931	1,370,931	-	6,989,475	19.61%
2017	2,328,175	2,328,175	-	11,324,519	20.56%
2018	2,754,651	2,754,651	-	13,095,200	21.04%
2019	3,214,867	3,214,867	-	12,570,928	25.57%
2020	4,415,205	4,415,205	-	19,170,210	23.03%
2021	4,729,504	4,729,504	-	22,765,070	20.78%

(Ultimately, 10 fiscal years will be displayed (which will be built prospectively starting from 2015).

See accompanying notes to required supplementary information.

Changes of benefit terms - There were no changes of benefit terms in 2021.

Changes of assumptions - There were no changes of benefit assumptions in 2021.

Supplementary Information

Pinecrest Academy of Nevada

Schedule of Activities by Location
As of June 30, 2021

	Executive Office	Horizon	Cadence	Inspirada	St Rose	Sloan Canyon	Total
Revenues							
DSA Revenue	$ -	$ 7,106,491	$ 15,176,327	$ 9,105,236	$ 7,568,243	$11,551,143	$50,507,440
Other Revenue	688,367	495,917	1,228,594	479,832	644,125	1,183,326	4,720,161
Total revenues	688,367	7,602,408	16,404,921	9,585,068	8,212,368	12,734,469	55,227,601
Expenses							
Salaries and Benefits	1,350,577	4,002,884	8,657,765	5,269,105	4,273,884	6,803,578	30,357,793
Operations	5,561,526	2,084,976	4,183,774	1,790,016	1,822,395	3,107,463	18,550,150
Depreciation	-	336,391	1,097,883	490,420	416,909	915,616	3,257,219
Debt Issuance Cost	-	-	-	-	-	881,748	881,748
Interest Expense	-	772,254	1,674,473	841,858	723,352	2,883,169	6,895,106
Total expenses	6,912,103	7,196,505	15,613,895	8,391,399	7,236,540	14,591,574	59,942,016
Excess (deficiency) of revenues over expenses	$ (6,223,736)	$ 405,903	$ 791,026	$ 1,193,669	$ 975,828	$ (1,857,105)	$ (4,714,415)

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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*

Board of Directors
Pinecrest Academy of Nevada
Las Vegas, Nevada

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 the governmental activities and each major fund of Pinecrest Academy of Nevada (the School) as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated January 26, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 School's Response to Finding(s)

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

January 26, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

2021-001 - Reconciliation of Accounts

Criteria: The School should have a process in place to provide consistent support of the timely preparation of account reconciliations to include evidence of the resolution of variances, as well as overall review and approval.

Condition: During the course of the audit, the engagement team identified multiple instances where accurate account reconciliations were not adequately performed, to include a review of outstanding Accounts Receivable, Accounts Payable, and Cash reconciliations. The engagement team identified this as a pervasive deficiency impacting all schools when reviewing various reconciliations prepared by management. BDO did not identify any material misstatements in relation to the lack of management review of such reconciliations.

Cause: The entity does not have an appropriate process in place to provide consistent support of the timely preparation of account reconciliations to include evidence of the resolution of variances, as well as overall review and approval.

Effect or Potential Effect: Potential misstatement could occur if asset and liability accounts are not reconciled and unreconciled items are not fully resolved in a timely manner.

Recommendation: The School should develop a consistent process to reconcile asset and liability accounts. Unreconciled variances should be investigated and resolved in a timely manner.

Views of Responsible Officials:

In 2021, the office had downsized due to turnover in staff. While a process was in place for reconciling Cash, a secondary review was not performed to verify resolution of outstanding items or variances. In addition, reconciliations of Accounts Receivable and Accounts Payable were not performed timely due to the staffing turnover.

To strengthen the oversight of financial management in the School, Academica Nevada, the School's management company, has increased staffing and realigned staff responsibilities to provide additional oversight of monthly reconciliations. On a monthly basis, reconciliations will be performed on Accounts Receivable, Accounts Payable, and Cash. All reconciliations will be reviewed by a secondary reviewer to ensure their accuracy and resolution of variances.