

THE ACCELERATED SCHOOLS

FINANCIAL STATEMENTS

June 30, 2018

Operating:

**THE ACCELERATED SCHOOL (TAS)
ACCELERATED CHARTER ELEMENTARY SCHOOL (ACES)
WALLS ANNENBERG HIGH SCHOOL (WAHS)**

THE ACCELERATED SCHOOLS
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For the Fiscal Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the School Governance Board
The Accelerated Schools
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Accelerated Schools (School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows and functional expenses for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental-Auditing Standards*, issued by the Comptroller General of the United States, *the 2017-2018 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting* prescribed by Title 5, *California Code of Regulations*, Section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2018, and the changes in its net assets and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying supplementary information listed in the table of contents are presented for purposes of additional analysis and are not required parts of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **December XX, 2018**, 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 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 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.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December XX, 2018

FINANCIAL SECTION

THE ACCELERATED SCHOOLS

STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets:			
Cash and cash equivalents	\$ 29,676,852	\$ 299,520	\$ 29,976,372
Accounts receivable	789,523	-	789,523
Prepaid expenses	128,345	-	128,345
Total current assets	<u>30,594,720</u>	<u>299,520</u>	<u>30,894,240</u>
Long-term Assets:			
Property, plant and equipment, net	73,980,035	-	73,980,035
Total long-term assets	<u>73,980,035</u>	<u>-</u>	<u>73,980,035</u>
Total assets	<u>\$ 104,574,755</u>	<u>\$ 299,520</u>	<u>\$ 104,874,275</u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 1,118,671	\$ -	\$ 1,118,671
Loans payable, current portion	279,067	-	279,067
Total current liabilities	<u>1,397,738</u>	<u>-</u>	<u>1,397,738</u>
Long-term Liabilities:			
Loans payable, net of current portion	10,194,180	-	10,194,180
Total long-term liabilities	<u>10,194,180</u>	<u>-</u>	<u>10,194,180</u>
Total liabilities	<u>11,591,918</u>	<u>-</u>	<u>11,591,918</u>
Net Assets:			
Unrestricted	92,982,837	-	92,982,837
Temporarily restricted	-	299,520	299,520
Total net assets	<u>92,982,837</u>	<u>299,520</u>	<u>93,282,357</u>
Total liabilities and net assets	<u>\$ 104,574,755</u>	<u>\$ 299,520</u>	<u>\$ 104,874,275</u>

The accompanying notes are an integral part of these financial statements

THE ACCELERATED SCHOOLS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues:			
State revenue:			
State aid	\$ 13,194,484	\$ -	\$ 13,194,484
Other state revenue	2,081,103	238,184	2,319,287
Federal revenues:			
Grants and entitlements	2,665,362	-	2,665,362
Local revenue:			
In-lieu property tax revenue	4,205,265	-	4,205,265
Contributions and grants	5,929	-	5,929
Interest income	406,178	-	406,178
Other revenue	187,209	-	187,209
Net assets released from restriction	126,052	(126,052)	-
Total revenues	22,871,582	112,132	22,983,714
 Expenses:			
Program services	15,767,850	-	15,767,850
Management and general	2,322,920	-	2,322,920
Total expenses	18,090,770	-	18,090,770
Increase in net assets	4,780,812	112,132	4,892,944
Net assets, beginning of fiscal year	88,202,025	187,388	88,389,413
Net assets, end of fiscal year	\$ 92,982,837	\$ 299,520	\$ 93,282,357

The accompanying notes are an integral part of these financial statements

THE ACCELERATED SCHOOLS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Cash Flows from Operating Activities:			
Increase (Decrease) in net assets	\$ 4,780,812	\$ 112,132	\$ 4,892,944
Adjustments to Reconcile Increase (Decrease) in Net Cash Provided (Used) by Operating Activities:			
Depreciation	2,017,911	-	2,017,911
(Increase) Decrease in Operating Assets:			
Accounts receivable	(97,315)	-	(97,315)
Prepaid expenses	(105,157)	-	(105,157)
Increase (Decrease) in Operating Liabilities:			
Accounts payable and accrued liabilities	(30,094)	-	(30,094)
Net cash provided (used) by operating activities	<u>6,566,157</u>	<u>112,132</u>	<u>6,678,289</u>
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	(665,866)	-	(665,866)
Net cash provided (used) by investing activities	<u>(665,866)</u>	<u>-</u>	<u>(665,866)</u>
Cash Flows from Financing Activities:			
Repayment of notes payable	(1,721,424)	-	(1,721,424)
Net cash provided (used) by financing activities	<u>(1,721,424)</u>	<u>-</u>	<u>(1,721,424)</u>
Net increase (decrease) in cash and cash equivalents	4,178,867	112,132	4,290,999
Cash and cash equivalents at July 1, 2017	<u>25,497,985</u>	<u>187,388</u>	<u>25,685,373</u>
Cash and cash equivalents at June 30, 2018	<u>\$ 29,676,852</u>	<u>\$ 299,520</u>	<u>\$ 29,976,372</u>
Cash paid for interest	<u>\$ 218,991</u>	<u>\$ -</u>	<u>\$ 218,991</u>

The accompanying notes are an integral part of these financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

THE ACCELERATED SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities — The Accelerated Schools (the School) is a not-for-profit benefit corporation under the laws of the State of California for the purpose of managing and operating public charter schools located in Los Angeles. The School is economically dependent on state and federal funding.

The School operates three charter schools, The Accelerated School, Accelerated Charter Elementary School, and Wallis Annenberg High School.

The charters may be revoked by the Los Angeles Unified School District for material violations of the charter, failure to meet pupil outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

Basis of Presentation – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

Basis of Accounting – The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Cash and Cash Equivalents – The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Investments – Investments are recorded at fair value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statement of activities if they are material. As of June 30, 2018, the School did not have any investments.

Receivables –Accounts receivable primarily represent amounts due from federal and state governments as of June 30, 2018. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

Property, Plant and Equipment – Property and equipment are recorded at cost, or estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets costing \$5,000 or more; all other assets are charged to expense in the year incurred or put in use.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

THE ACCELERATED SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses – Costs of providing the School's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Net Asset Classes – The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets of the School are defined as:

- Unrestricted: All resources over which the governing board has discretionary control to use in carrying on the general operations of the School.
- Temporarily restricted: These net assets are restricted by donors to be used for specific purposes. As of June 30, 2018, the School had temporarily restricted net assets of \$299,520, consisting of unspent California Clean Energy Jobs Act funding.
- Permanently restricted: These net assets are permanently restricted by donors and cannot be used by the School. The School does not currently have any permanently restricted net assets.
-

Contributed Assets and Services – Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair values in the period received.

Property Taxes – Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Compensated Absences – The policy of the School is to record a liability for accumulated personal time off at fiscal year-end. Eligible employees of the School have the option of carrying over part or all their personal time off, and/or receiving compensation for the accumulated time. As of June 30, 2018, the liability for compensated absences was \$307,286, included in the accounts payable and accrued liabilities in the Statement of Financial Positionp7.

Revenue Recognition – Amounts received from the California Department of Education are recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

THE ACCELERATED SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as temporarily restricted. Restricted contributions that are received and released in the same period are reported as unrestricted revenue. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair market value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Income Taxes – The School is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School files informational returns in the U.S. federal jurisdiction, and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Evaluation of Subsequent Events – The School has evaluated subsequent events through **December XX, 2018** the date these financial statements were available to be issued.

NOTE 2: CONCENTRATION OF CREDIT RISK

The School maintains substantially all of its cash in the Los Angeles County Treasury (the County), the California Credit Union, and Wells Fargo. The County pools these funds with those of other educational organizations in the county and invests the cash. These pooled funds are carried at costs which approximates fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or collateralized. The fair value of the School's deposits in this pool as of June 30, 2018, as provided by the pool sponsor was approximately \$28,516,321. The School has a cash balance of \$1,345,164 in the California Credit Union and \$114,387 in Wells Fargo and \$500 in Petty Cash as of June 30, 2018. The uninsured amount by the National Credit Union Administration (NCUA) for these accounts as of June 30, 2018 was \$597,201

The School also maintains cash balances held in banks, credit unions and revolving funds which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA). At times, cash in these accounts exceeds the insured amounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

THE ACCELERATED SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment in the accompanying financial statements is presented net of accumulated depreciation. Depreciation expense was \$2,017,911 for the fiscal year ended June 30, 2018.

The components of property, plant and equipment as of June 30, 2018 are as follows:

Buildings and improvements	\$ 85,110,212
Furniture and equipment	2,787,141
Less: Accumulated depreciation	<u>(13,917,318)</u>
Property, plant and equipment, net	<u><u>\$ 73,980,035</u></u>

NOTE 4: LOANS PAYABLE

The School has entered into an agreement under the Charter School Facilities Program of the California School Finance Authority (CSFA). Under this agreement, the School was awarded funding for facilities of which 50% is in the form of a loan. The total amount of the award and the loan balance as of June 30, 2018 was \$10,473,247. The loan has an interest rate of 2% and loan maturity date of September 1, 2046.

Future maturities of the CSFA note payable are as follows:

Fiscal Year Ended	
<u>June, 30</u>	
2019	\$ 486,544
2020	486,544
2021	486,544
2022	486,544
2023	486,544
2024 and thereafter	<u>8,040,527</u>
Total	<u><u>\$ 10,473,247</u></u>

THE ACCELERATED SCHOOLS

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2018

NOTE 5: EMPLOYEE RETIREMENT

Multi-employer Defined Benefit Pension Plans

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the State of California.

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and state contribution rates are set by the California Legislature, and (c) if the School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multi-employer plan.

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2017, total plan net assets are \$210 billion, the total actuarial present value of accumulated plan benefits is \$362 billion, contributions from all employers totaled \$4.2 billion, and the plan is 63.7% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members hired on or before December 31, 2012 are required to contribute 10.25% of their salary and those hired on or after January 1, 2013 are required to contribute 10.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020-21. The required employer contribution rate for year ended June 30, 2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

THE ACCELERATED SCHOOLS

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

NOTE 5: EMPLOYEE RETIREMENT (Continued)

The School's contributions to STRS for the past three years are as follows:

Fiscal Year Ended June, 30	Required Contribution	Percent Contributed
2016	\$ 513,954	100%
2017	\$ 648,350	100%
2018	\$ 806,986	100%

NOTE 6: OPERATING LEASES

The Accelerated School has a ninety-nine-year lease with LAUSD for the use of its facilities in Los Angeles for \$1 per year. The School has prepaid the total lease amount of \$99. The Accelerated School on July 1, 2016 assumed a lease with options that expires on June 30, 2019. The lease expense under this agreement for the fiscal year ended June 30, 2018 was \$48,000.

NOTE 7: RELATED PARTY TRANSACTIONS

The Accelerated Schools Foundation (the Foundation) is a separate 501(c)(3) public benefit corporation organized to provide support to The Accelerated Schools. The Foundation made no contributions to the School for the fiscal year ended June 30, 2018.

NOTE 8: CONTINGENCIES

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

SUPPLEMENTARY INFORMATION

THE ACCELERATED SCHOOLS

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE For the Fiscal Year Ended June 30, 2018

The School was established in 1994 and operates three charter schools sponsored by the Los Angeles Unified School District (the District). The three charter schools, the date each was established, and the charter numbers are the as follows:

- The Accelerated School (TAS), established September 1994, charter number: 0045.
- Accelerated Elementary Charter School (ACES), established August 2004, charter number: 0539.
- Wallis Annenberg High School (WAHS), established September 2003, charter number: 0538.

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Juli P. Quinn, Ph.D.	President	December 31, 2019
Peter Morrison	Vice President	December 31, 2018
Leonard Rabinowitz	Trustee	December 31, 2018
John Ward	Trustee	December 31, 2018
Binti Yost	Trustee	December 31, 2019
Scott Yetter	Parent representative - ACES	December 31, 2019
Binti Yost	Parent representative - TAS	December 31, 2019
Open	Parent representative - WAHS	

ADMINISTRATION

Johnathan Williams	Chief Executive Officer and Co-Founder
David Borovay	Chief Financial Officer

THE ACCELERATED SCHOOLS

**SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2018**

<u>Grade Level</u>	<u>Ed. Code Section 47612.5 Minutes Requirement</u>	<u>2017-18 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
The Accelerated School:				
Kindergarten	36,000	61,020	180	In compliance
Grade 1	50,400	61,020	180	In compliance
Grade 2	50,400	61,020	180	In compliance
Grade 3	50,400	61,020	180	In compliance
Grade 4	54,000	61,020	180	In compliance
Grade 5	54,000	61,020	180	In compliance
Grade 6	54,000	64,800	180	In compliance
Grade 7	54,000	64,800	180	In compliance
Grade 8	54,000	64,800	180	In compliance
The Accelerated Charter Elementary School:				
Kindergarten	36,000	57,400	180	In compliance
Grade 1	50,400	61,000	180	In compliance
Grade 2	50,400	61,000	180	In compliance
Grade 3	50,400	61,000	180	In compliance
Grade 4	54,000	61,000	180	In compliance
Grade 5	54,000	61,000	180	In compliance
Grade 6	54,000	61,000	180	In compliance
Wallis Annenberg High School:				
Grade 9	64,800	66,368	180	In compliance
Grade 10	64,800	66,368	180	In compliance
Grade 11	64,800	66,368	180	In compliance
Grade 12	64,800	66,368	180	In compliance

Average daily attendance is a measurement of the number of pupils attending classes at the School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

THE ACCELERATED SCHOOLS

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Fiscal Year Ended June 30, 2018

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Total</u>	<u>Classroom Based</u>	<u>Total</u>
The Accelerated School:				
Grades K-3	297.18	297.18	296.67	296.67
Grades 4-6	200.20	200.20	200.07	200.07
Grades 7-8	255.24	<u>255.24</u>	254.56	<u>254.56</u>
Total average daily attendance		<u><u>752.62</u></u>		<u><u>751.30</u></u>
The Accelerated Charter Elementary School:				
Grades K-3	289.41	289.41	288.58	288.58
Grades 4-6	182.10	<u>182.10</u>	182.00	<u>182.00</u>
Total average daily attendance		<u><u>471.51</u></u>		<u><u>470.58</u></u>
Wallis Annenberg High School:				
Grades 9-12	455.15	<u>455.15</u>	453.10	<u>453.10</u>
Total average daily attendance		<u><u>455.15</u></u>		<u><u>453.10</u></u>

Average daily attendance is a measurement of the number of pupils attending classes of the School. The attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state made to school districts. This schedule provides information regarding the attendance of students at various levels and in different programs.

There were no audit findings which resulted in necessary revisions to attendance.

THE ACCELERATED SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

There were no differences between the unrestricted net assets reported on the June 30, 2018 Annual Financial Report and the audited fund balances (net assets).

THE ACCELERATED SCHOOLS

STATEMENT OF FINANCIAL POSITION - BY CHARTER SCHOOL
June 30, 2018

ASSETS	TAS	ACES	WAHS	Eliminations	Total
Current Assets:					
Cash and cash equivalents	\$ 13,025,840	\$ 6,508,960	\$ 10,441,572	\$ -	\$ 29,976,372
Accounts receivable	475,822	151,488	162,213	-	789,523
Intracompany accounts receivable	90,654			(90,654)	-
Prepaid expenses and other assets	65,237	1,638	61,470	-	128,345
Total current assets	13,657,553	6,662,086	10,665,255	(90,654)	30,894,240
Long-term Assets:					
Property, plant and equipment, net	38,900,161	34,963,161	116,713	-	73,980,035
Total long-term assets	38,900,161	34,963,161	116,713	-	73,980,035
Total assets	\$ 52,557,714	\$ 41,625,247	\$ 10,781,968	\$ (90,654)	\$ 104,874,275
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable and accrued liabilities	\$ 623,814	\$ 219,628	\$ 275,229	\$ -	\$ 1,118,671
Intracompany accounts payable	-	36,827	53,827	(90,654)	-
Notes payable, current portion		279,067	-	-	279,067
Total current liabilities	623,814	535,522	329,056	(90,654)	1,397,738
Long-term Liabilities:					
Notes payable, net of current portion	-	10,194,180	-	-	10,194,180
Total long-term liabilities	-	10,194,180	-	-	10,194,180
Total liabilities	623,814	10,729,702	329,056	(90,654)	11,591,918
Net Assets:					
Unrestricted	51,778,690	30,895,545	10,308,602	-	92,982,837
Temporarily restricted	155,210	-	144,310	-	299,520
Total net assets	51,933,900	30,895,545	10,452,912	-	93,282,357
Total liabilities and net assets	\$ 52,557,714	\$ 41,625,247	\$ 10,781,968	\$ (90,654)	\$ 104,874,275

The accompanying notes are an integral part of these financial statements

THE ACCELERATED SCHOOLS

**STATEMENT OF ACTIVITIES - BY CHARTER SCHOOL
For the Fiscal Year Ended June 30, 2018**

	<u>TAS</u>	<u>ACES</u>	<u>WAHS</u>	<u>Eliminations</u>	<u>Total</u>
Unrestricted Revenues:					
State revenue:					
State aid	\$ 5,569,463	\$ 3,512,922	\$ 4,112,099	\$ -	\$ 13,194,484
Other state revenue	1,149,269	590,689	579,329	-	2,319,287
Federal revenues:					
Grants and entitlements	1,910,530	353,995	400,837	-	2,665,362
Local revenue:					
In-lieu property tax revenue	1,885,695	1,177,768	1,141,802	-	4,205,265
Contributions and grants	5,927	-	2	-	5,929
Interest income	174,733	82,487	148,958	-	406,178
Other revenue	601,636	85,627	63,067	(563,121)	187,209
Net assets released from restriction	(64,469)	2,455	(50,118)	112,132	-
	<u>11,232,784</u>	<u>5,805,943</u>	<u>6,395,976</u>	<u>(450,989)</u>	<u>22,983,714</u>
Expenses:					
Program services	7,793,530	4,049,584	4,420,282	(495,546)	15,767,850
Management and general	1,020,153	780,513	589,829	(67,575)	2,322,920
	<u>8,813,683</u>	<u>4,830,097</u>	<u>5,010,111</u>	<u>(563,121)</u>	<u>18,090,770</u>
Change in unrestricted net assets	<u>2,419,101</u>	<u>975,846</u>	<u>1,385,865</u>	<u>112,132</u>	<u>4,892,944</u>
Temporarily Restricted					
Net assets released from restriction	<u>64,469</u>	<u>(2,455)</u>	<u>50,118</u>	<u>(112,132)</u>	<u>-</u>
Change in temporarily restricted net assets	<u>64,469</u>	<u>(2,455)</u>	<u>50,118</u>	<u>(112,132)</u>	<u>-</u>
Total change in net assets	2,483,570	973,391	1,435,983	-	4,892,944
Net assets, beginning of fiscal year	<u>49,450,330</u>	<u>29,922,154</u>	<u>9,016,929</u>	<u>-</u>	<u>88,389,413</u>
Net assets, end of fiscal year	<u>\$ 51,933,900</u>	<u>\$ 30,895,545</u>	<u>\$ 10,452,912</u>	<u>\$ -</u>	<u>\$ 93,282,357</u>

The accompanying notes are an integral part of these financial statements

THE ACCELERATED SCHOOLS

**STATEMENT OF CASH FLOWS - BY CHARTER SCHOOL
For the Fiscal Year Ended June 30, 2018**

	<u>TAS</u>	<u>ACES</u>	<u>WAHS</u>	<u>Eliminations</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Increase (Decrease) in net assets	\$ 2,483,570	\$ 973,391	\$ 1,435,983	\$ -	\$ 4,892,944
Adjustments to Reconcile Increase (Decrease) in Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,028,339	977,607	11,965	-	2,017,911
(Increase) Decrease in Operating Assets:					
Accounts receivable	29,400	(43,707)	(83,008)	-	(97,315)
Intracompany accounts receivable	22,804	(20,515)	(2,289)	-	-
Prepaid expenses and other assets	(45,312)	(1,638)	(58,207)	-	(105,157)
Increase (Decrease) in Operating Liabilities:					
Accounts payable and accrued liabilities	(15,663)	(67,272)	52,841	-	(30,094)
Net cash provided (used) by operating activities	<u>3,503,138</u>	<u>1,817,866</u>	<u>1,357,285</u>	<u>-</u>	<u>6,678,289</u>
Cash Flows from Investing Activities:					
Purchase of property, plant and equipment	(476,953)	(155,334)	(33,579)	-	(665,866)
Net cash provided (used) by investing activities	<u>(476,953)</u>	<u>(155,334)</u>	<u>(33,579)</u>	<u>-</u>	<u>(665,866)</u>
Cash Flows from Financing Activities:					
Repayment of notes payable	(1,448,202)	(273,222)	-	-	(1,721,424)
Net cash provided (used) by financing activities	<u>(1,448,202)</u>	<u>(273,222)</u>	<u>-</u>	<u>-</u>	<u>(1,721,424)</u>
Net increase (decrease) in cash and cash equivalents	1,577,983	1,389,310	1,323,706	-	4,290,999
Cash and cash equivalents at July 1, 2017	<u>11,447,857</u>	<u>5,119,650</u>	<u>9,117,866</u>	<u>-</u>	<u>25,685,373</u>
Cash and cash equivalents at June 30, 2018	<u>\$ 13,025,840</u>	<u>\$ 6,508,960</u>	<u>\$ 10,441,572</u>	<u>\$ -</u>	<u>\$ 29,976,372</u>
Supplemental Cash Flow Disclosures					
Cash paid for interest	<u>\$ 24,820</u>	<u>\$ 194,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,991</u>

The accompanying notes are an integral part of these financial statements

THE ACCELERATED SCHOOLS

**STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 7,568,060	\$ 903,800	\$ 8,471,860
Pension expense	784,569	22,417	806,986
Other employee benefits	1,121,716	126,433	1,248,149
Payroll taxes	228,145	62,842	290,987
Accounting and legal expenses	65,439	111,252	176,691
Other fees for services	1,606,432	154,126	1,760,558
Office expenses	14,842	51,428	66,270
Information technology expenses	203,225	11,105	214,330
Occupancy expenses	695,337	93,470	788,807
Conference and meeting expenses	12,096	8,804	20,900
Interest expense	-	218,991	218,991
Depreciation expense	1,765,986	251,925	2,017,911
Insurance expense	-	119,727	119,727
Student activities and instructional materials	294,321	-	294,321
Special education fee	259,468	-	259,468
Oversight fees	147,884	26,097	173,981
Food and cafeteria supplies	749,489	15,296	764,785
Other expenses	250,841	145,207	396,048
	<u>\$ 15,767,850</u>	<u>\$ 2,322,920</u>	<u>\$ 18,090,770</u>

THE ACCELERATED SCHOOLS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity ID Number	TAS	ACES	WAHS	Total Federal Expenditures
U.S. Department of Education						
Pass through Program from the California Department of Education:						
No Child Left Behind Act						
Title I, Part A, Basic Grants						
Low-Income and Neglected	84.010	14329	\$ 385,365	\$ 216,418	\$ 240,196	\$ 841,979
Title II, Part A, Teacher Quality	84.367	14341	40,395	22,846	25,416	88,657
Title III, Limited English Proficiency	84.365	14346	39,026	21,927	9,840	70,793
Title III - Immigrant Education Reimbursement Program	84.365 84.330B	15146 14831	6		1,123	6 1,123
Special Education Cluster						
Special Education IDEA	84.027	13379	146,370	91,688	88,513	326,571
State Charter Schools Facilities	84.282D	N/A	41,678		33,770	75,448
Total U.S. Department of Education			<u>652,840</u>	<u>352,879</u>	<u>398,858</u>	<u>1,404,577</u>
U.S. Department of Agriculture						
Pass through Program from the California Department of Education:						
Commodities Supplemental Food Program	10.565	N/A	83,797			83,797
Child Nutrition Cluster	10.555	N/A	981,494			981,494
Child and Adult Care Food Program	10.558	N/A	189,624			189,624
Total U.S. Department of Agriculture			<u>1,254,915</u>			<u>1,254,915</u>
U.S. Department of Health and Human Services:						
Pass through Program from the California Department of Education:						
Medicaid	93.778	N/A	2,775	1,116	1,979	5,870
Total U.S. Department of Health and Human Services			<u>2,775</u>	<u>1,116</u>	<u>1,979</u>	<u>5,870</u>
Total Expenditures of Federal Awards			<u>\$ 1,910,530</u>	<u>\$ 353,995</u>	<u>\$ 400,837</u>	<u>\$ 2,665,362</u>

THE ACCELERATED SCHOOLS

NOTE TO SUPPLEMENTARY INFORMATION For the Fiscal Year Ended June 30, 2018

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of California Education Code.

Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

Statements of Financial Position, Activities, and Cash Flows by Charter School

These supplementary financial statements present the financial position, activities, and cash flows for each charter school.

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal governmental for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Indirect Cost Rate

The School has not elected to use the 10-percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) cost of the Uniform Guidance.



MOSS, LEVY & HARTZHEIM LLP

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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
The Accelerated Schools
Los Angeles, California

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 Accelerated Schools (School), a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December XX, 2018



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Directors
The Accelerated Schools
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited The Accelerated Schools (School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the fiscal year ended June 30, 2018. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December XX, 2018



MOSS, LEVY & HARTZHEIM LLP

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
The Accelerated Schools
Los Angeles, California

Report on State Compliance

We have audited The Accelerated Schools (the School) compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2017-18*, and *State Compliance Reporting* prescribed by Title 5, *California Code of Regulations*, Section 19810, that could have a direct and material effect on each of the School's state programs identified below for the fiscal year ended June 30, 2018.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of California K-12, Local Education Agencies and State Compliance Reporting* prescribed by Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the School’s compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Reporting	Not Applicable
Teacher Certification and Misassignments	Not Applicable
Kindergarten Continuance	Not Applicable
Independent Study	Not Applicable
Continuation Education	Not Applicable

Description	Procedures Performed
School Districts, County Offices of Education and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	
General Requirements	Yes
After School	Yes
Before School	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Yes

The Term “not applicable” is used above to mean either the School did not offer the program during the current fiscal year or the program applies to a different type of local education.

Opinion on State Compliance

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the fiscal year ended June 30, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of all the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with *2017-2018 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December XX, 2018

FINDINGS AND RECOMMENDATIONS SECTION

THE ACCELERATED SCHOOLS

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ X	No
Noncompliance material to financial statements noted?	_____ Yes	_____ X	No

Federal Awards

Internal control over major federal awards:			
Material weakness(es) identified?	_____ Yes	_____ X	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ X	No
Type of auditor's report issued on compliance for major federal programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2CFR 200.516 (a)	_____ Yes	_____ X	No

Identification of Major Federal Programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program Cluster</u>
<u>10.555</u>	<u>Child Nutrition Cluster</u>
<u>84.01</u>	<u>Title I Grants to Local Educational Agencies</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>		
Auditee qualified as low-risk auditee:	_____ X	Yes	_____ No

State Awards

Any audit findings disclosed that are required to be reported in accordance with Standards and Procedures for Audits of California K-12 Local Education Agencies?	_____ Yes	_____ X	No
Type of auditor's report issued on compliance for state programs:	<u>Unmodified</u>		

THE ACCELERATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

All audit findings must be identified as one or more of the following categories:

<u>Five Digits Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Salaries
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for June 30, 2018.

THE ACCELERATED SCHOOLS

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018**

There were no findings and questioned costs related to the basic financial statements, federal awards or state awards for the prior year.