Financial Statements
June 30, 2020

The Accelerated Schools (Operating The Accelerated School (TAS) No.0045, Accelerated Charter Elementary School (ACES) No. 0539, Wallis Annenberg High School (WAHS) No.0538)

EideBailly®

Independent Auditor's Report

Governing Board
The Accelerated Schools
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Accelerated Schools (the Organization) (a California Nonprofit Public Benefit Corporation), which are comprised of the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the 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 an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Organization'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 Organization'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 respective financial position of the Organization, as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, 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* (Uniform Guidance) and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards and the other supplementary information as listed in the table of contents 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. Such 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 schedule of expenditures of federal awards and the other accompanying supplementary 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 March 31, 2021 on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
March 31, 2021

Assets	
Current assets	
Cash and cash equivalents	$ 14,229,080
Short-term investments	19,759,595
Accounts receivable	2,837,763
Prepaid expenses	84,905
Total current assets	36,911,343
Non-current assets	
Property and equipment, net	70,738,298
Total assets	$ 107,649,641
Liabilities	
Current liabilities	
Accounts payable	$ 2,364,092
Current portion of notes payable	290,440
Total current liabilities	2,654,532
Long-term liabilities	
Notes payable, less current portion	9,618,560
Total liabilities	12,273,092
Net Assets	
Without donor restrictions	95,376,549
Total liabilities and net assets	$ 107,649,641

	Without donor Restrictions	With donor Restrictions	Total
Support and revenues			
Local Control Funding Formula	$ 18,936,875	$ -	$ 18,936,875
Federal revenue	2,670,067	-	2,670,067
Other state revenue	1,871,832	-	1,871,832
Local revenues	1,145,454	-	1,145,454
Interest income	648,034	-	648,034
Net investment income	(453,848)	-	(453,848)
Net assets released from restrictions	269,233	(269,233)	-
Total support and revenues	25,087,647	(269,233)	24,818,414
Expenses			
Program services	20,314,100	-	20,314,100
Management and general	4,564,169	-	4,564,169
Total expenses	24,878,269	-	24,878,269
Change in Net Assets	209,378	(269,233)	(59,855)
Net Assets, Beginning of Year	95,167,171	269,233	95,436,404
Net Assets, End of Year	$ 95,376,549	$ -	$ 95,376,549

	Program Services	Management and General	Total Expenses
Salaries	$ 9,032,221	$ 2,057,687	$ 11,089,908
Employee benefits	1,607,667	195,561	1,803,228
Payroll taxes	2,592,652	165,334	2,757,986
Fees for services	1,602,049	1,132,737	2,734,786
Advertising and promotions	-	3,189	3,189
Office expenses	-	31,035	31,035
Information technology	-	161,382	161,382
Occupancy	837,479	160,621	998,100
Travel	16,806	-	16,806
Interest	-	167,383	167,383
Depreciation	2,129,101	-	2,129,101
Insurance	-	140,799	140,799
Other expenses	117,897	159,235	277,132
Capital outlay	489,089	-	489,089
Special education	269,297	-	269,297
Instructional materials	571,921	-	571,921
Nutrition	1,047,921	-	1,047,921
District oversight fees	-	189,206	189,206
Total functional expenses	$ 20,314,100	$ 4,564,169	$ 24,878,269

Cash Flows from Operating Activities	
Change in net assets	$ (59,855)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation expense	2,129,101
Realized and unrealized loss on investments	(453,848)
Changes in operating assets and liabilities	
Accounts receivable	(2,013,574)
Prepaid expenses	(46,895)
Accounts payable	523,135
Net Cash from Operating Activities	78,064
Cash Flows used for Investing Activities	
Purchases of property and equipment	(822,739)
Purchases of investments	(25,192,706)
Proceeds from the sale of investments	5,886,959
Net Cash used for Investing Activities	(20,128,486)
Cash Flows used for Financing Activities	
Principal payments on notes	(285,180)
Net Change in Cash and Cash Equivalents	(20,335,602)
Cash and Cash Equivalents, Beginning of Year	34,564,682
Cash and Cash Equivalents, End of Year	$ 14,229,080
Supplemental Cash Flow Disclosure	
Cash paid during the period in interest	$ 167,383

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Accelerated Schools (the Organization) was incorporated in the State of California in 1994 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1954. The Organization operates three charter schools; The Accelerated School (TAS), Accelerated Elementary Charter School (ACES), and Wallis Annenberg High School (WAHS). TAS, ACES, and WAHS were approved by the State of California Department of Education. TAS opened in 1994 and currently serves approximately 732 students in grades kindergarten through eight. ACES opened in 2004 and currently serves approximately 492 students in grades transitional kindergarten through six. WAHS opened in 2003 and currently serves approximately 493 students in grades nine through twelve. TAS established September 1994, and was renewed by Los Angeles Unified School District for five years ending 2024. ACES was established August 2004, and was renewed by Los Angeles Unified School District for five years ending 2023. WAHS established September 2003, and was renewed by Los Angeles Unified School District for five years ending 2023.

The Accelerated School

Charter school number authorized by the State: 0045

Accelerated Charter Elementary

Charter school number authorized by the State: 0539

Wallis Annenberg High

Charter school number authorized by the State: 0538

The Organization provides services such as education, encompassing instruction, student and staff support activities, facilities maintenance and operations, and food services. Supporting services include management and general services which are the Organization's overall related administrative activities.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

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

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between activity recorded and reimbursement for those resources from each charter school. Operating transfers include certain costs of shared liabilities and shared assets between the Organization.

Property and Equipment

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

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Operating funds for the Organization are derived principally from state and federal sources. The Organization receives state funding based on each of the enrolled student’s average daily attendance (ADA) in its school. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The majority of the Organization’s federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management’s estimates. The expenses that are allocated include occupancy, salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

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

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Organization. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

The ASU is effective for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

Topic 606 is effective for the Organization for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission (SEC) is not affected by the amendments in this ASU.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

For public nonprofits that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 842, to fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

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

Cash and cash equivalents	$ 14,229,080
Short-term investments	19,759,595
Accounts receivable	2,837,763
Total	$ 36,826,438

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Note 3 - Fair Value Measurements and Disclosures

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

- Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. Mutual funds and equities are invested and traded in the financial markets. Short-term investments (consisting primarily of money market funds) corporate, and agency, for which quoted prices are not readily available are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

While the Organization believes its valuation, methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents assets and liabilities measured at fair value on a recurring basis, as identified in the following, at June 30, 2020:

	Fair Value Measurements at Report Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments	
Money market funds	$ 843,981
U.S. Large Capitalization Equities	3,116,555
U.S. Small Capitalization Equities	6,103
Development International Equities	1,502,815
Emerging Markets Equities	518,181
Non-U.S. Bonds	841,453
U.S. Corporate Bonds	7,847,864
U.S. Non-Investment Grade Bonds	4,551,473
REITs	485,996
MLPs	45,174
	$ 19,759,595

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30, 2020:

Land	$ 4,935,853
Building improvements	80,918,908
Computer and equipment	2,909,671
Work in progress	44,433
	88,808,865
Less accumulated depreciation	(18,070,567)
Total	$ 70,738,298

Note 5 - Notes 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 loan has an interest rate of 2% and loan maturity date of September 1, 2046. The total amount of the award and the loan balance as of June 30, 2020 was $9,909,000.

Future maturities of notes payable are as follows:

Year Ending June 30,	
2021	$ 290,440
2022	296,299
2023	302,276
2024	308,374
2025	314,595
Thereafter	8,397,016
Total	$ 9,909,000

Note 6 - Operating Lease

The Organization has entered into multiple lease agreements with unrelated parties for facilities use. The lease agreements are described below.

The first agreement is 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 second agreement is a three-year lease with the Roman Catholic Archdiocese of Los Angeles, effective on July 1, 2019, with options that expires on June 30, 2022. The lease expense under this agreement for the fiscal year ended June 30, 2020 was $60,000.

Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payment
2021	$ 61,800
2022	63,654
Total	$ 125,454

Note 7 - Net Assets

Net assets consist of the following at June 30, 2020:

Net assets without donor restrictions	
Undesignated	$ 95,376,549

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors for the years ended June 30, 2020.

Satisfaction of purpose restrictions	
Clean Energy	$ 269,233

Note 8 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS).

The risks of participating in these multi-employer defined benefit pension plan is 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 Organization chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Organization has no plans to withdraw from this multi-employer plan.

The details of the plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Organization contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Organization contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, Organization, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the Organization's total contributions were $683,917.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Organization. These payments consist of State General Fund contributions to CalSTRS in the amount of $615,608 (10.328 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of this contribution has been recorded in the amount of $204,496 in these financial statements.

Note 9 - Contingencies

The Organization 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 reimbursement, if required, would not be material.

Note 10 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through March 31, 2021, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Organization’s financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Supplementary Information
June 30, 2020

The Accelerated Schools

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
Special Education			
Basic Local Assistance Entitlement	84.027	13379	$ 337,893
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	794,961
Title II, Part A, Supporting Effective Instruction	84.367	14341	94,692
Title III, English Learner Student Program	84.365	14346	57,142
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	59,302
Total U.S. Department of Education			1,343,990
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	447,540
National School Lunch Program	10.555	13396	773,172
Meal Supplement	10.555	13392	105,365
Total Child Nutrition Cluster			1,326,077
Total Federal Programs			$ 2,670,067

ORGANIZATION

The Organization has three schools authorized by the Los Angeles Unified School District The charter were granted on the dates listed below:

The Accelerated School – established September 1994, charter number: 0045
Accelerated Charter Elementary School – established August 2004, charter number: 0539
Wallis Annenberg High School – established September 2003, charter number: 0538

The Organization operates three charter schools during the 2019-2020 school year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Leonard Rabinowitz	President	December 31, 2021
Peter Morrison	Vice President	December 31, 2021
Elizabeth Galaviz	Board Member/Parent Representative	December 31, 2021
Larry Picus	Board Member	December 31, 2020
John Ward	Board Member	December 31, 2021
Elisabeth Weiss	Board Member	December 31, 2020
Scot Yetter	Board Member/Parent Representative	December 31, 2021
Binti Yost	Board Member	December 31, 2021

ADMINISTRATION

Grace Lee-Chang	CEO
Vincent Shih	CFO/Treasurer
Lenita Lugo	Director of Curriculum and Instruction/Board Secretary
Kim Clerx	Principal – The Accelerated School
Karin Figueroa	Principal – Accelerated Charter Elementary School
Rosie Hoang	Principal – Wallis Annenberg High School

The Accelerated School	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	270.42	270.42
Fourth through sixth	194.92	194.92
Seventh and eighth	238.59	238.59
Total Regular ADA	703.93	703.93
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.15	0.15
Seventh and eighth	1.00	1.00
Total Special Education, Nonpublic, Nonsectarian Schools	1.15	1.15
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.11	0.11
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.11	0.11
Total Regular ADA	705.19	705.19
Classroom Based ADA		
Transitional kindergarten through third	270.42	270.42
Fourth through sixth	194.92	194.92
Seventh and eighth	238.59	238.59
Total Regular ADA	703.93	703.93
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.15	0.15
Seventh and eighth	1.00	1.00
Total Special Education, Nonpublic, Nonsectarian Schools	1.15	1.15
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.11	0.11
Total Extended Year Special Education, Nonpublic, Nonsectarian	0.11	0.11
Total Classroom Based ADA	705.19	705.19

Accelerated Charter Elementary School	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	289.51	289.51
Fourth through sixth	180.46	180.46
Total Regular ADA	469.97	469.97
Classroom Based ADA		
Transitional kindergarten through third	289.51	289.51
Fourth through sixth	180.46	180.46
Total Classroom Based ADA	469.97	469.97

Wallis Annenberg High School	Second Period Report	Annual Report
Regular ADA		
Ninth through twelfth	470.67	470.67
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	2.19	2.19
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.11	0.11
Total Regular ADA	472.97	472.97
Classroom Based ADA		
Ninth through twelfth	470.67	470.67
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	2.19	2.19
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.11	0.11
Total Classroom Based ADA	472.97	472.97

The Accelerated School

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days: Traditional Calendar	Number of Days: Multitrack Calendar	Status
Kindergarten	36,000	62,910	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		62,910	180	N/A	Complied
Grade 2		63,065	180	N/A	Complied
Grade 3		63,065	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		63,065	180	N/A	Complied
Grade 5		63,065	180	N/A	Complied
Grade 6		65,765	180	N/A	Complied
Grade 7		65,765	180	N/A	Complied
Grade 8		65,765	180	N/A	Complied

Accelerated Charter Elementary School

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days: Traditional Calendar	Number of Days: Multitrack Calendar	Status
Kindergarten	36,000	58,100	180	N/A	Complied
Grades 1 - 2	50,400				
Grade 1		61,700	180	N/A	Complied
Grade 2		61,700	180	N/A	Complied
Grade 3		61,700	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		61,700	180	N/A	Complied
Grade 5		61,700	180	N/A	Complied
Grade 6		61,700	180	N/A	Complied

Wallis Annenberg High School

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days: Traditional Calendar	Number of Days: Multitrack Calendar	Status
Grades 9 - 12	64,800				
Grade 9		64,890	180	N/A	Complied
Grade 10		64,890	180	N/A	Complied
Grade 11		64,890	180	N/A	Complied
Grade 12		64,890	180	N/A	Complied

	The Accelerated School	Accelerated Charter Elementary chool	Wallis Annenberg High School	Total
Net Assets				
Balance, June 30, 2020, Unaudited Actuals	$ 50,942,504	$ 32,188,571	$ 14,087,005	$ 97,218,080
Decrease in				
Cash	(340,552)	-	(165,998)	(505,092)
Accounts receivable	-	(66,719)	-	(66,719)
Property and equipment, net	(26,205)	-	(3,325)	(29,530)
Increase in				
Cash	-	1,458	-	1,458
Accounts receivable	779,538	-	12,800	792,338
Accounts payable	(550,676)	(673,208)	(808,644)	(2,032,528)
Balance, June 30, 2020, Audited Financial Statements	$ 50,804,609	$ 31,450,102	$ 13,121,838	$ 95,376,549

	TAS	ACES	WAHS	Elimination	Total
Assets					
Current assets					
Cash and cash equivalents	$ 4,947,698	$ 4,490,394	$ 4,790,988	$ -	$ 14,229,080
Short-term investments	6,915,858	4,050,717	8,793,020	-	19,759,595
Accounts receivable	1,293,231	782,755	761,777	-	2,837,763
Intercompany receivable	1,496,265	71,455	84,141	(1,651,861)	-
Prepaid expenses	53,239	12,937	18,729	-	84,905
Total current assets	14,706,291	9,408,258	14,448,655	(1,651,861)	36,911,343
Non-current assets					
Property and equipment, net	37,542,457	33,036,251	159,590	-	70,738,298
Total assets	$ 52,248,748	$ 42,444,509	$ 14,608,245	$ (1,651,861)	$ 107,649,641
Liabilities					
Current liabilities					
Accounts payable	$ 1,292,772	$ 488,910	$ 582,410	$ -	$ 2,364,092
Intercompany payable	151,367	596,497	903,997	(1,651,861)	-
Current portion of notes payable	-	290,440	-		290,440
Total current liabilities	1,444,139	1,375,847	1,486,407	(1,651,861)	2,654,532
Long-term liabilities					
Notes payable, less current portion	-	9,618,560	-	-	9,618,560
Total liabilities	1,444,139	10,994,407	1,486,407	(1,651,861)	12,273,092
Net Assets					
Without donor restrictions	50,804,609	31,450,102	13,121,838	-	95,376,549
Total liabilities and net assets	$ 52,248,748	$ 42,444,509	$ 14,608,245	$ (1,651,861)	$ 107,649,641

	TAS			ACES
	Without donor Restrictions	With donor Restrictions	Subtotal	Without donor Restrictions
Support and revenues				
Local Control Funding Formula	$ 7,703,237	$ -	$ 7,703,237	$ 5,206,614
Federal revenue	1,951,206	-	1,951,206	361,632
Other state revenue	982,669	-	982,669	485,397
Local revenues	532,242	-	532,242	296,861
Interest income	239,102	-	239,102	147,654
Net unrealized gain (Loss) on investments	42,900	-	42,900	25,127
Net realized gain (Loss) on investments	(201,747)	-	(201,747)	(118,166)
Net assets released from restrictions	139,520	(139,520)	-	-
Total support and revenues and losses	11,389,129	(139,520)	11,249,609	6,405,119
Expenses				
Program services	10,658,428	-	10,658,428	4,822,035
Management and general	1,938,712	-	1,938,712	1,446,390
Total expenses	12,597,140	-	12,597,140	6,268,425
Change in Net Assets	(1,208,011)	(139,520)	(1,347,531)	136,694
Net Assets, Beginning of Year	52,012,620	139,520	52,152,140	31,313,408
Net Assets, End of Year	$ 50,804,609	$ -	$ 50,804,609	$ 31,450,102

	WAHS Without donor Restrictions	WAHS With donor Restrictions	Subtotal	Elimination	Total
Support and revenues					
Local Control Funding Formula	$ 6,027,024	$ -	$ 6,027,024	$ -	$ 18,936,875
Federal revenue	357,229	-	357,229	-	2,670,067
Other state revenue	403,766	-	403,766	-	1,871,832
Local revenues	316,351	-	316,351	-	1,145,454
Interest income	261,278	-	261,278	-	648,034
Net unrealized gain (Loss) on investments	54,544	-	54,544	-	122,571
Net realized gain (Loss) on investments	(256,506)	-	(256,506)	-	(576,419)
Net assets released from restrictions	129,713	(129,713)	-	-	-
Total support and revenues and losses	7,293,399	(129,713)	7,163,686	-	24,818,414
Expenses					
Program services	4,833,637	-	4,833,637	-	20,314,100
Management and general	1,179,067	-	1,179,067	-	4,564,169
Total expenses	6,012,704	-	6,012,704	-	24,878,269
Change in Net Assets	1,280,695	(129,713)	1,150,982	-	(59,855)
Net Assets, Beginning of Year	11,841,143	129,713	11,970,856	-	95,436,404
Net Assets, End of Year	$ 13,121,838	$ -	$ 13,121,838	$ -	$ 95,376,549

	TAS		
	Program Services	Management and General	Subtotal Expenses
Salaries	$ 4,286,453	$ 966,136	$ 5,252,589
Employee benefits	854,625	90,397	945,022
Payroll taxes	1,225,808	72,556	1,298,364
Fees for services	840,951	448,655	1,289,606
Advertising and promotions	-	-	-
Office expenses	-	21,301	21,301
Information technology	-	64,568	64,568
Occupancy	469,653	85,896	555,549
Travel	7,929	-	7,929
Interest	-	-	-
Depreciation	1,128,427	-	1,128,427
Insurance	-	61,325	61,325
Other expenses	37,811	50,913	88,724
Capital outlay	269,812	-	269,812
Special education	115,245	-	115,245
Instructional materials	373,793	-	373,793
Nutrition	1,047,921	-	1,047,921
District oversight fees	-	76,965	76,965
Management fees	-	-	-
Total functional expenses	$ 10,658,428	$ 1,938,712	$ 12,597,140

	ACES		
	Program Services	Management and General	Subtotal Expenses
Salaries	$ 2,109,342	$ 582,338	$ 2,691,680
Employee benefits	374,886	59,129	434,015
Payroll taxes	600,861	48,438	649,299
Fees for services	306,732	381,133	687,865
Advertising and promotions	-	304	304
Office expenses	-	5,335	5,335
Information technology	-	32,611	32,611
Occupancy	163,950	44,521	208,471
Travel	3,621	-	3,621
Interest	-	167,383	167,383
Depreciation	981,621	-	981,621
Insurance	-	39,379	39,379
Other expenses	12,889	33,753	46,642
Capital outlay	83,639	-	83,639
Special education	76,954	-	76,954
Instructional materials	107,540	-	107,540
Nutrition	-	-	-
District oversight fees	-	52,066	52,066
Management fees	-	-	-
Total functional expenses	$ 4,822,035	$ 1,446,390	$ 6,268,425

	WAHS		
	Program Services	Management and General	Subtotal Expenses
Salaries	$ 2,636,426	$ 509,213	$ 3,145,639
Employee benefits	378,156	46,035	424,191
Payroll taxes	765,983	44,340	810,323
Fees for services	454,366	302,949	757,315
Advertising and promotions	-	2,885	2,885
Office expenses	-	4,399	4,399
Information technology	-	64,203	64,203
Occupancy	203,876	30,204	234,080
Travel	5,256	-	5,256
Interest	-	-	-
Depreciation	19,053	-	19,053
Insurance	-	40,095	40,095
Other expenses	67,197	74,569	141,766
Capital outlay	135,638	-	135,638
Special education	77,098	-	77,098
Instructional materials	90,588	-	90,588
Nutrition	-	-	-
District oversight fees	-	60,175	60,175
Management fees	-	-	-
Total functional expenses	$ 4,833,637	$ 1,179,067	$ 6,012,704

	Total Program Services	Total Management and General	Total Expenses
Salaries	$ 9,032,221	$ 2,057,687	$ 11,089,908
Employee benefits	1,607,667	195,561	1,803,228
Payroll taxes	2,592,652	165,334	2,757,986
Fees for services	1,602,049	1,132,737	2,734,786
Advertising and promotions	-	3,189	3,189
Office expenses	-	31,035	31,035
Information technology	-	161,382	161,382
Occupancy	837,479	160,621	998,100
Travel	16,806	-	16,806
Interest	-	167,383	167,383
Depreciation	2,129,101	-	2,129,101
Insurance	-	140,799	140,799
Other expenses	117,897	159,235	277,132
Capital outlay	489,089	-	489,089
Special education	269,297	-	269,297
Instructional materials	571,921	-	571,921
Nutrition	1,047,921	-	1,047,921
District oversight fees	-	189,206	189,206
Management fees	-	-	-
Total functional expenses	$ 20,314,100	$ 4,564,169	$ 24,878,269

Note 1 - Purpose of Supplementary Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation
The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No Federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The Organization has not elected to use the ten percent de minimis cost rate.

Local Education Agency Organization Structure

This schedule provides information about the Organization's operations, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Organization. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at the Organization.

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the Organization and whether the Organization complied with the provisions of *Education Code* Sections 47612 and 47612.5, if applicable.

The Organization must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 47612.5.

Due to school closures caused by COVID-19, TAS filed the COVID-19 School Closure Certification certifying that TAS, ACES, and WAHS were closed for 51 days due to the pandemic.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets reported on the unaudited actual financial report to the audited financial statements.

Combining Statement of Financial Position and Combining Statement of Activities

The Combining Statement of Financial Position and Combining Statement of Activities are included to provide information regarding the individual programs of the Charter Schools within the Organization and are presented on the accrual basis of accounting. Eliminating entries in the Combining Statement of Financial Position and Combining Statement of Activities are for activities between each charter school

Independent Auditor's Reports
June 30, 2020

The Accelerated Schools

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*

Governing Board
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 (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2021.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as items 2020-001 that we consider to be a significant deficiency.

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

The Accelerated School's Response to Finding
The Accelerated School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Accelerated 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 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.

Eide Bailly LLP

Rancho Cucamonga, California
March 31, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Governing Board
The Accelerated Schools
Los Angeles, California

Report on Compliance for the Major Federal Program
We have audited The Accelerated Schools' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2020. The Organization's major federal program is 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 the 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 the Organization's major federal program 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 Organization'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 the major Federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program
In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance
Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the 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 Organization'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
March 31, 2021

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

Governing Board
The Accelerated Schools
Los Angeles, California

Report on State Compliance

We have audited The Accelerated Schools' (the Organization) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization'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 state compliance. However, our audit does not provide a legal determination of the Organization's compliance.

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	No, see below
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	No, see below

Programs listed above for local education agencies are not applicable to charter schools; therefore, we did not perform any related procedures.

We did not perform California Clean Energy Jobs Act procedures because Accelerated Charter Elementary School did not receive funding for this program.

Wallis Annenberg High School did not offer the After/Before School Education and Safety Program; therefore, we did not perform procedures related to the After/Before School Education and Safety Program for Wallis Annenberg High School.

The Accelerated School and Accelerated Elementary Charter School did not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The Organization does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study for Charter Schools because the Organization is entirely classroom-based.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization is classroom-based.

We did not perform procedures for the Charter School Facility Grant Program because Accelerated Elementary Charter School and Wallis Annenberg High School did not receive funding for this program.

Unmodified Opinion
In our opinion, The Accelerated Schools complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
March 31, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Child Nutrition Cluster	10.553, 10.555

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

STATE COMPLIANCE

Type of auditor's report issued on compliance for programs:	Unmodified

The following finding represents significant deficiencies related to the financial statements that are required to be reported in accordance with Government Auditing Standards. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2020-001 30000 - Year End Closing

Criteria

Verify that the Organization has an appropriate internal control system which would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis, whether due to error or fraud.

Condition

In our review of the financial statements, we noted several areas that were misstated. These misstatements were not identified by the Organization's year end closing process.

Cause

The Organization did not have a procedure in place to review all transaction classes to ensure accurate reporting prior to closing of financial statements.

Effect

Audit adjusting journal entries had to be posted to the financial statements to correct misstatements. Entries were posted to correct accounts receivable, accounts payable, revenue, and expenses.

Recommendation

Establish reconciliation procedures to ensure that financial statements are recorded correctly, and all transactions of the account are properly accounted for.

Views of Responsible Officials

The Organization will implement a year-end checklist to ensure all applicable entries are captured and entered during the closing process. This is to ensure that all relevant balance sheet and income statement accounts are reviewed. In addition, during the 2019-2020 year the School shifted accounting practices to reduce entries made to balance sheet accounts. The Organization plans to simplify transactional cash activity with certain agencies and to consolidate the banking reconciliation process.

None reported.

None reported.

2019-001 30000 Year End Closing

Criteria or Specific Requirement

Verify that the School has an appropriate internal control system which would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis, whether due to error or fraud.

Condition

In our review of the financial statements, we noted several areas that were misstated. These misstatements were not identified by the School's year end closing process.

Questioned Costs

None

Context

The Discrepancies were noted as a part of our analytical and substantive procedures performed on significant transaction classes.

Effect

Audit adjusting journal entries had to be posted to the financial statements to correct misstatements. Entries were posted to correct accounts receivable, accounts payable, revenue, and expenses.

Cause

The School did not have a procedure in place to review all transaction classes to ensure accurate reporting prior to closing of financial statements. In addition, there were no personnel support to provide analysis and research for all transactions. There was no documentation or SOP manual to guide new staff on major accounting transactions.

Repeat Finding

Yes (2020-001)

Recommendation

Establish reconciliation procedures to ensure that financial statements are recorded correctly, and all transactions of the account are properly accounted for.

Current Status

Not implemented; see current year finding 2020-001

2019-002 50000 Time and effort requirements

CFDA Number and Title: 10.555 National School Lunch Program
Federal Grantor Name: U.S. Department of Agriculture
Federal Award/Contract Number: NA
Pass-through Entity Name: California Department of Education
Pass-through Award/Contract Number: 13390, 13391, 13396
Compliance Requirement – Allowable Costs/Cost Principles
Questioned Cost Amount: $0

Criteria or Specific Requirement

CFR section 200.430(i)(1)(vii) requires that when federal funds are expended employees charged to the program document their time and effort to support the charges. When the employee is paid from a single program or cost objective the documentation must be completed periodically (at least semi-annually). When the employee is paid from multiple programs or cost objectives the documentation must be completed monthly. Documentation under both methods must be an after-the-fact certification of actual effort expended.

Condition

In fiscal year 2018-2019, the Schools spent $1,127,286 in its Child Nutrition program. Of the amount spent, Federal reimbursement was $970,329. Of the $1,127,286 total amount spent, $383,238 was used to pay salaries and benefits. We reviewed payroll transactions to determine whether the School retained adequate time and effort documentation for salaries and benefits charged to federal grants, as required by the granting agency. Depending on the number and type of activities an employee works on, documentation can be a semi-annual certification or monthly personnel activity report, such as a timesheet. Our audit found that the School did not design an effective process to monitor employees whose positions were funded with federal grant funds to ensure all required time and effort documentation were completed and retained. We consider this deficiency in internal controls to be a material weakness.

Questioned Costs and Context

Without proper time and effort documentation, federal grantors cannot be assured salaries and benefits charged to their programs are accurate and valid. The School's noncompliance with grant requirements can jeopardize future federal funding and may require it to return federal funds to the grantor. Our audit found that the School was unable to provide required time and effort documentation for all employees who were fully funded through this program. We verified that these employees worked entirely on the Nutrition program; therefore, we are not questioning costs.

Cause

The School's accounting department had significant turnover during the year. This was the major cause of the noncompliance. There was no documentation or SOP manual to guide new staff on major accounting transactions.

Repeat Finding

No

Recommendation

We recommend the School improve its monitoring process to ensure all employees paid through federal grants submit required documentation to support time worked.

Current Status

Implemented