

Financial Statements

June 30, 2022

The Accelerated Schools

(Operating The Accelerated School

(TAS) No. 0045,

Accelerated Charter Elementary School

(ACES) No. 0539,

Wallis Annenberg High School (WAHS)

No. 0538)

The Accelerated Schools

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Independent Auditor's Report

Governing Board
The Accelerated Schools
Los Angeles, California

Report on the Financial Statements

Opinion

We have audited the financial statements of The Accelerated Schools (the Organization) (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming 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* and other supplementary information on pages 17-29 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards and other 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 _____, 2023 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.

Rancho Cucamonga, California
_____, 2023

The Accelerated Schools
Statement of Financial Position
June 30, 2022

Assets		
Current assets		
Cash		\$ 1,401,981
Receivables		4,390,298
Prepaid expenses		<u>123,867</u>
Total current assets		<u>5,916,146</u>
Non-current assets		
Long-term investments		29,753,000
Property and equipment, net		<u>66,796,778</u>
Total non-current assets		<u>96,549,778</u>
Total assets		<u>\$ 102,465,924</u>
Liabilities		
Current liabilities		
Accounts payable		\$ 774,450
Accrued liabilities		2,777
Accrued compensated absences		410,317
Refundable advance		2,999,720
Current portion of notes payable		<u>340,735</u>
Total current liabilities		<u>4,527,999</u>
Long-term liabilities		
Notes payable, less current portion		<u>9,020,468</u>
Total liabilities		<u>13,548,467</u>
Net Assets		
Without donor restrictions		<u>88,917,457</u>
Total liabilities and net assets		<u>\$ 102,465,924</u>

The Accelerated Schools
Statement of Activities
Year Ended June 30, 2022

Support and revenues	
Local Control Funding Formula	\$ 21,217,777
Federal revenue	3,973,962
Other state revenue	2,008,904
Local revenues	1,556,236
Interest income	668,994
Net investment loss	<u>(3,890,711)</u>
Total support and revenues	<u>25,535,162</u>
Expenses	
Program services	27,473,288
Management and general	<u>5,237,417</u>
Total expenses	<u>32,710,705</u>
Change in Net Assets	<u>(7,175,543)</u>
Net Assets, Beginning of Year	<u>96,093,000</u>
Net Assets, End of Year	<u><u>\$ 88,917,457</u></u>

The Accelerated Schools
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Management and General	Total Expenses
Salaries	\$ 12,046,557	\$ 2,028,318	\$ 14,074,875
Employee benefits	1,653,267	285,651	1,938,918
Payroll taxes	2,760,878	211,511	2,972,389
Fees for services	4,608,337	885,771	5,494,108
Advertising and promotions	-	26,797	26,797
Office expenses	-	65,079	65,079
Information technology	-	168,980	168,980
Occupancy	1,030,673	184,193	1,214,866
Travel	34,749	-	34,749
Interest	-	175,024	175,024
Depreciation	2,070,381	-	2,070,381
Insurance	-	179,857	179,857
Other expenses	147,759	818,920	966,679
Capital outlay	970,420	-	970,420
Special education	382,826	-	382,826
Instructional materials	447,541	-	447,541
Nutrition	1,319,900	-	1,319,900
District oversight fees	-	207,316	207,316
	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u><u>\$ 27,473,288</u></u>	<u><u>\$ 5,237,417</u></u>	<u><u>\$ 32,710,705</u></u>

The Accelerated Schools
Statement of Cash Flows
Year Ended June 30, 2022

Operating Activities	
Change in net assets	\$ (7,175,543)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation expense	2,070,381
Realized and unrealized gain on investments	(3,890,711)
Changes in operating assets and liabilities	
Receivables	1,884,634
Prepaid expenses	68,095
Accounts payable	(951,295)
Accrued liabilities	1,159
Accrued compensated absences	(2,386)
Refundable advance	2,448,751
Net Cash from (used for) Operating Activities	<u>(5,546,915)</u>
Investing Activities	
Purchases of property and equipment	(122,078)
Purchases of investments	(26,907,125)
Proceeds from the sale of investments	32,818,506
Net Cash from (used for) Investing Activities	<u>5,789,303</u>
Financing Activities	
Principal payments on notes payable	<u>(257,840)</u>
Net Change in Cash	(15,452)
Cash, Beginning of Year	<u>1,417,433</u>
Cash, End of Year	<u>\$ 1,401,981</u>
Supplemental Cash Flow Disclosure	
Cash paid during the period in interest	<u>\$ 175,024</u>

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 was 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 was 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

Home Office

Administrative support provided to the individual schools and accounted for separately within the financial statements using an allocation based on student enrollment.

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 did not have net assets with donor restrictions for the year ended June 30, 2022.

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 income is reported in the statement of activities and consists of dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Receivables and Credit Policies

Receivables consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables 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 receivables as of June 30, 2022 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.

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 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 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, 2022.

Revenue and Revenue Recognition

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.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Consequently, at June 30, 2022 conditional contributions approximating \$7,365,271, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2022.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities such as management and general activities and fundraising and development 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. 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, 2023. Management is evaluating the impact of the adoption of this standard.

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	\$ 1,401,981
Receivables	<u>4,390,298</u>
Total	<u><u>\$ 5,792,279</u></u>

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 has determined the fair value of certain assets in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets that can be accessed at the reporting date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset and market corroborated inputs. Level 3 inputs are unobservable inputs related to the asset. In these situations, inputs are developed using the best information 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 entire measurement requires judgment, taking into account factors specific to the asset. 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.

A significant portion of investments are classified within Level 1 because they are comprised of funds with readily determinable fair values based on daily redemption values. Certain certificates of deposit are considered invested and traded in the financial markets. Fixed income securities and other securities 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.

Net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used to estimate the fair values of certain hedge funds, private equity funds, fund of funds, and limited partnerships which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy, but are included in the table below to permit reconciliation to the accompanying statement of financial position.

The Accelerated Schools
Notes to Financial Statements
June 30, 2022

The following table presents assets measured at fair value on a recurring basis, as identified in the following, at June 30, 2022:

	Quoted Prices in Active Markets (Level 1)
Investments	
Money market funds	\$ 167,581
U.S. Large Capitalization Equities	4,975,379
U.S. Mid Capitalization Equities	1,560,309
U.S. All Capitalization Equities	519,976
International Equities	1,527,520
Global Equities	642,195
U.S. Municipal Bonds	18,990,736
REITs	1,369,304
	<u>\$ 29,753,000</u>

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30, 2022:

Land	\$ 4,935,853
Building and improvements	80,966,024
Computer and equipment	3,040,999
Work in progress	85,898
	<u>89,028,774</u>
Less accumulated depreciation	<u>(22,231,996)</u>
Total	<u>\$ 66,796,778</u>

Note 5 - Notes Payable

The Organization has entered into an agreement under the Charter School Facilities Program of the California School Finance Authority (CSFA). Under this agreement, the Organization was awarded funding for facilities, of which 50% is in the form of a note. The note has an interest rate of 2% and note maturity date of September 1, 2046.

\$ 9,361,203

The Accelerated Schools
Notes to Financial Statements
June 30, 2022

Future maturities of notes payable are as follows:

Year Ending June 30,	Principal
2023	\$ 340,735
2024	308,374
2025	314,595
2026	320,941
2027	327,416
Thereafter	7,749,142
Total	<u>\$ 9,361,203</u>

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. The first amendment of lease was entered into on May 18, 2021, shall extended the original lease ending June 30, 2023. The lease expense under this agreement for the fiscal year ended June 30, 2022 was \$61,800.

Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payment
2023	<u>\$ 61,800</u>

Note 7 - 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, 2020, 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 % 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, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
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	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the Organization's total contributions were \$1,495,243.

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 \$981,250 (10.828% 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.

Note 8 - Contingencies, Risks, and Uncertainties

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 9 - Subsequent Events

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through _____, 2023, 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.

Supplementary Information
June 30, 2022

The Accelerated Schools

The Accelerated Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education (CDE)			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	\$ 219,426
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	<u>815,181</u>
Subtotal			<u>1,034,607</u>
Special Education Cluster			
Basic Local Assistance Entitlement	84.027	13379	498,708
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	744,406
Title II, Part A, Supporting Effective Instruction	84.367	14341	92,403
Title III, English Learner Student Program	84.365	14346	22,529
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	<u>72,727</u>
Total U.S. Department of Education			<u>2,465,380</u>
U.S. Department of Health and Human Services			
Passed through Los Angeles County Office of Education			
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	[1]	<u>184,235</u>
Total U.S. Department of Health and Human Services			<u>184,235</u>
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	463,156
National School Lunch Program	10.555	13396	<u>859,349</u>
Total Child Nutrition Cluster			<u>1,322,505</u>
Pandemic Electronic Benefit Transfer Local Administrative Cost Grant			
	10.649	15644	<u>1,842</u>
Total U.S. Department of Agriculture			<u>1,324,347</u>
Total Federal Financial Assistance			<u>\$ 3,973,962</u>

ORGANIZATION

The Organization has three schools authorized by the Los Angeles Unified School District. The charters 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 operated three charter schools during the 2021-2022 school year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Leonard Rabinowitz	President	December 31, 2023
Peter Morrison	Vice President	December 31, 2023
Larry Picus	Board Member	December 31, 2023
Elisabeth Weiss	Board Member	December 31, 2023
Binti Yost	Board Member	December 31, 2023

ADMINISTRATION

Grace Lee-Chang	Chief Executive Officer
Stephen Dickinson	Chief Business Officer
Cynthia Foley, Ed.D	Chief Human Resources Officer
Debbie Kukta	Director of Fiscal Services
Thomas Crowther, Ed.D.	Director of Curriculum, Instruction and Assessment
Kim Clerx	Principal – The Accelerated School
Karin Figueroa	Principal – Accelerated Charter Elementary School
Sebastian Puccio, Ed.D.	Principal – Wallis Annenberg High School

The Accelerated Schools
Schedule of Average Daily Attendance
Year Ended June 30, 2022

The Accelerated School

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Transitional kindergarten through third	259.78	257.97
Fourth through sixth	227.23	226.15
Seventh and eighth	<u>239.01</u>	<u>237.10</u>
Total Regular ADA	<u>726.02</u>	<u>721.22</u>
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	<u>1.00</u>	<u>0.96</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	<u>0.02</u>	<u>0.02</u>
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>0.02</u>	<u>0.02</u>
Total Regular ADA	<u>727.04</u>	<u>722.20</u>
Classroom Based ADA		
Transitional kindergarten through third	249.45	249.71
Fourth through sixth	221.18	221.34
Seventh and eighth	<u>234.27</u>	<u>233.33</u>
Total Regular ADA	<u>704.90</u>	<u>704.38</u>
Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	<u>1.00</u>	<u>0.96</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	<u>0.02</u>	<u>0.02</u>
Total Classroom Based ADA	<u>705.92</u>	<u>705.36</u>

The Accelerated Schools
Schedule of Average Daily Attendance
Year Ended June 30, 2022

Accelerated Charter Elementary School

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Transitional kindergarten through third	294.54	292.43
Fourth through sixth	<u>190.24</u>	<u>188.58</u>
Total Regular ADA	<u><u>484.78</u></u>	<u><u>481.01</u></u>
Classroom Based ADA		
Transitional kindergarten through third	283.89	283.94
Fourth through sixth	<u>184.64</u>	<u>184.13</u>
Total Classroom Based ADA	<u><u>468.53</u></u>	<u><u>468.07</u></u>

Wallis Annenberg High School

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Ninth through twelfth	<u>451.88</u>	<u>446.91</u>
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>0.86</u>	<u>0.98</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>0.23</u>	<u>0.23</u>
Total Regular ADA	<u><u>452.97</u></u>	<u><u>448.12</u></u>
Classroom Based ADA		
Ninth through twelfth	<u>438.76</u>	<u>436.24</u>
Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>0.86</u>	<u>0.98</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	<u>0.23</u>	<u>0.23</u>
Total Classroom Based ADA	<u><u>439.85</u></u>	<u><u>437.45</u></u>

The Accelerated Schools
Schedule of Instructional Time
Year Ended June 30, 2022

The Accelerated School

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	59,310	-	59,310	180	N/A	-	180	Complied
Grades 1 - 3	50,400								
Grade 1		60,210	-	60,210	180	N/A	-	180	Complied
Grade 2		60,210	-	60,210	180	N/A	-	180	Complied
Grade 3		62,910	-	62,910	180	N/A	-	180	Complied
Grades 4 - 6	54,000								
Grade 4		62,910	-	62,910	180	N/A	-	180	Complied
Grade 5		62,910	-	62,910	180	N/A	-	180	Complied
Grade 6		67,255	-	67,255	180	N/A	-	180	Complied
Grades 7 - 8	54,000								
Grade 7		67,255	-	67,255	180	N/A	-	180	Complied
Grade 8		67,255	-	67,255	180	N/A	-	180	Complied

Accelerated Charter Elementary School

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Kindergarten	36,000	58,100	-	58,100	180	N/A	-	180	Complied
Grades 1 - 3	50,400								
Grade 1		60,055	-	60,055	180	N/A	-	180	Complied
Grade 2		60,055	-	60,055	180	N/A	-	180	Complied
Grade 3		60,055	-	60,055	180	N/A	-	180	Complied
Grades 4 - 6	54,000								
Grade 4		61,700	-	61,700	180	N/A	-	180	Complied
Grade 5		61,700	-	61,700	180	N/A	-	180	Complied
Grade 6		61,700	-	61,700	180	N/A	-	180	Complied

See Note to Supplementary Information

The Accelerated Schools
 Schedule of Instructional Time
 Year Ended June 30, 2022

Wallis Annenberg High School

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
					Traditional Calendar	Multitrack Calendar			
Grades 9 - 12	64,800								
Grade 9		68,745	-	68,745	180	N/A	-	180	Complied
Grade 10		68,745	-	68,745	180	N/A	-	180	Complied
Grade 11		68,745	-	68,745	180	N/A	-	180	Complied
Grade 12		68,745	-	68,745	180	N/A	-	180	Complied

The Accelerated Schools
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2022

	<u>The Accelerated School</u>	<u>Accelerated Charter Elementary School</u>	<u>Wallis Annenberg High School</u>
Net Assets			
Balance, June 30, 2022, Unaudited Actuals	\$ 45,741,027	\$ 30,134,409	\$ 12,563,674
Increase in Receivables	<u>181,222</u>	<u>50,498</u>	<u>142,361</u>
Balance, June 30, 2022, Audited Financial Statements	<u><u>\$ 45,922,249</u></u>	<u><u>\$ 30,184,907</u></u>	<u><u>\$ 12,706,035</u></u>

The Accelerated Schools
Combining Statement of Financial Position
Year Ended June 30, 2022

	<u>TAS</u>	<u>ACES</u>	<u>WAHS</u>	<u>Home Office</u>	<u>Elimination</u>	<u>Total</u>
Assets						
Current assets						
Cash and cash equivalents	\$ 1,001,666	\$ 144,337	\$ 6,766	\$ 249,212	\$ -	\$ 1,401,981
Receivables	1,835,297	1,194,256	1,360,745	-	-	4,390,298
Intercompany receivable	1,280,548	1,434,833	56,211	-	(2,771,592)	-
Prepaid expenses	<u>77,232</u>	<u>6,797</u>	<u>19,344</u>	<u>20,494</u>	<u>-</u>	<u>123,867</u>
Total current assets	<u>4,194,743</u>	<u>2,780,223</u>	<u>1,443,066</u>	<u>269,706</u>	<u>(2,771,592)</u>	<u>5,916,146</u>
Non-current assets						
Long-term investments	9,479,156	6,915,906	13,357,938	-	-	29,753,000
Property and equipment, net	<u>35,452,683</u>	<u>31,153,254</u>	<u>189,100</u>	<u>1,741</u>	<u>-</u>	<u>66,796,778</u>
Total non-current assets	<u>44,931,839</u>	<u>38,069,160</u>	<u>13,547,038</u>	<u>1,741</u>	<u>-</u>	<u>96,549,778</u>
Total assets	<u>\$ 49,126,582</u>	<u>\$ 40,849,383</u>	<u>\$ 14,990,104</u>	<u>\$ 271,447</u>	<u>\$ (2,771,592)</u>	<u>\$ 102,465,924</u>
Liabilities						
Current liabilities						
Accounts payable	\$ 285,629	\$ 216,229	\$ 174,545	\$ 98,047	\$ -	\$ 774,450
Accrued liabilities	-	-	2,777	-	-	2,777
Accrued compensated absences	160,620	122,555	58,008	69,134	-	410,317
Refundable advance	1,267,040	963,069	769,611	-	-	2,999,720
Intercompany payable	1,491,044	1,420	1,279,128	-	(2,771,592)	-
Current portion of notes payable	<u>-</u>	<u>340,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340,735</u>
Total current liabilities	<u>3,204,333</u>	<u>1,644,008</u>	<u>2,284,069</u>	<u>167,181</u>	<u>(2,771,592)</u>	<u>4,527,999</u>
Long-term liabilities						
Notes payable, less current portion	<u>-</u>	<u>9,020,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,020,468</u>
Total liabilities	<u>3,204,333</u>	<u>10,664,476</u>	<u>2,284,069</u>	<u>167,181</u>	<u>(2,771,592)</u>	<u>13,548,467</u>
Net Assets						
Without donor restrictions	<u>45,922,249</u>	<u>30,184,907</u>	<u>12,706,035</u>	<u>104,266</u>	<u>-</u>	<u>88,917,457</u>
Total liabilities and net assets	<u>\$ 49,126,582</u>	<u>\$ 40,849,383</u>	<u>\$ 14,990,104</u>	<u>\$ 271,447</u>	<u>\$ (2,771,592)</u>	<u>\$ 102,465,924</u>

See Note to Supplementary Information

The Accelerated Schools
Combining Statement of Activities
Year Ended June 30, 2022

	TAS	ACES	WAHS	Home Office	Elimination	Total
Support and revenues						
Local Control Funding Formula	\$ 8,842,329	\$ 5,919,243	\$ 6,456,205	\$ -	\$ -	\$ 21,217,777
Federal revenue	1,729,150	1,086,398	1,158,414	-	-	3,973,962
Other state revenue	981,243	564,454	463,207	-	-	2,008,904
Local revenues	686,749	452,806	416,681	2,588,113	(2,588,113)	1,556,236
Interest income	177,705	190,090	301,199	-	-	668,994
Net investment return	(1,031,038)	(1,104,962)	(1,754,711)	-	-	(3,890,711)
Total support and revenues	<u>11,386,138</u>	<u>7,108,029</u>	<u>7,040,995</u>	<u>2,588,113</u>	<u>(2,588,113)</u>	<u>25,535,162</u>
Expenses						
Program services	12,173,372	6,553,525	6,538,848	2,207,543	-	27,473,288
Management and general	2,973,184	2,259,875	2,316,167	276,304	(2,588,113)	5,237,417
Total expenses	<u>15,146,556</u>	<u>8,813,400</u>	<u>8,855,015</u>	<u>2,483,847</u>	<u>(2,588,113)</u>	<u>32,710,705</u>
Change in Net Assets	<u>(3,760,418)</u>	<u>(1,705,371)</u>	<u>(1,814,020)</u>	<u>104,266</u>	<u>-</u>	<u>(7,175,543)</u>
Net Assets, Beginning of Year	<u>49,682,667</u>	<u>31,890,278</u>	<u>14,520,055</u>	<u>-</u>	<u>-</u>	<u>96,093,000</u>
Net Assets, End of Year	<u>\$ 45,922,249</u>	<u>\$ 30,184,907</u>	<u>\$ 12,706,035</u>	<u>\$ 104,266</u>	<u>\$ -</u>	<u>\$ 88,917,457</u>

The Accelerated Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2022

	TAS			ACES		
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Subtotal Expenses
Salaries	\$ 4,815,074	\$ 646,034	\$ 5,461,108	\$ 2,445,261	\$ 597,822	\$ 3,043,083
Employee benefits	904,432	127,924	1,032,356	326,155	81,643	407,798
Payroll taxes	1,429,164	93,384	1,522,548	501,895	50,447	552,342
Fees for services	2,071,307	294,182	2,365,489	1,179,247	203,225	1,382,472
Advertising and promotions	-	17,865	17,865	-	5,803	5,803
Office expenses	-	25,816	25,816	-	10,416	10,416
Information technology	-	61,253	61,253	-	35,398	35,398
Occupancy	551,674	74,018	625,692	232,604	56,867	289,471
Travel	6,343	-	6,343	12,921	-	12,921
Interest	-	381	381	-	174,643	174,643
Depreciation	1,094,065	-	1,094,065	948,497	-	948,497
Insurance	-	72,659	72,659	-	49,122	49,122
Other expenses	58,207	374,164	432,371	15,603	191,751	207,354
Capital outlay	350,359	-	350,359	148,204	-	148,204
Special education	167,163	-	167,163	111,619	-	111,619
Instructional materials	167,662	-	167,662	155,979	-	155,979
Nutrition	557,922	-	557,922	475,540	-	475,540
District oversight fees	-	86,129	86,129	-	58,369	58,369
Management fees	-	1,099,375	1,099,375	-	744,369	744,369
Total functional expenses	\$ 12,173,372	\$ 2,973,184	\$ 15,146,556	\$ 6,553,525	\$ 2,259,875	\$ 8,813,400

The Accelerated Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2022

	WAHS			Home Office		
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Subtotal Expenses
Salaries	\$ 3,267,479	\$ 784,462	\$ 4,051,941	\$ 1,518,743	\$ -	\$ 1,518,743
Employee benefits	311,185	76,084	387,269	111,495	-	111,495
Payroll taxes	796,246	67,680	863,926	33,573	-	33,573
Fees for services	852,912	199,546	1,052,458	504,871	188,818	693,689
Advertising and promotions	-	1,571	1,571	-	1,558	1,558
Office expenses	-	21,399	21,399	-	7,448	7,448
Information technology	-	48,532	48,532	-	23,797	23,797
Occupancy	222,041	53,308	275,349	24,354	-	24,354
Travel	15,180	-	15,180	305	-	305
Interest	-	-	-	-	-	-
Depreciation	27,312	-	27,312	507	-	507
Insurance	-	49,122	49,122	-	8,954	8,954
Other expenses	71,930	207,276	279,206	2,019	45,729	47,748
Capital outlay	461,345	-	461,345	10,512	-	10,512
Special education	104,044	-	104,044	-	-	-
Instructional materials	122,736	-	122,736	1,164	-	1,164
Nutrition	286,438	-	286,438	-	-	-
District oversight fees	-	62,818	62,818	-	-	-
Management fees	-	744,369	744,369	-	-	-
Total functional expenses	\$ 6,538,848	\$ 2,316,167	\$ 8,855,015	\$ 2,207,543	\$ 276,304	\$ 2,483,847

The Accelerated Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2022

	Elimination			Total		
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Total Expenses
Salaries	\$ -	\$ -	\$ -	\$ 12,046,557	\$ 2,028,318	\$ 14,074,875
Employee benefits	-	-	-	1,653,267	285,651	1,938,918
Payroll taxes	-	-	-	2,760,878	211,511	2,972,389
Fees for services	-	-	-	4,608,337	885,771	5,494,108
Advertising and promotions	-	-	-	-	26,797	26,797
Office expenses	-	-	-	-	65,079	65,079
Information technology	-	-	-	-	168,980	168,980
Occupancy	-	-	-	1,030,673	184,193	1,214,866
Travel	-	-	-	34,749	-	34,749
Interest	-	-	-	-	175,024	175,024
Depreciation	-	-	-	2,070,381	-	2,070,381
Insurance	-	-	-	-	179,857	179,857
Other expenses	-	-	-	147,759	818,920	966,679
Capital outlay	-	-	-	970,420	-	970,420
Special education	-	-	-	382,826	-	382,826
Instructional materials	-	-	-	447,541	-	447,541
Nutrition	-	-	-	1,319,900	-	1,319,900
District oversight fees	-	-	-	-	207,316	207,316
Management fees	-	(2,588,113)	(2,588,113)	-	-	-
Total functional expenses	\$ -	\$ (2,588,113)	\$ (2,588,113)	\$ 27,473,288	\$ 5,237,417	\$ 32,710,705

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.

Food Donation

At June 30, 2022, the Organization had no food commodities in inventory.

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 requires as required by *Education Code* Section 47612.5.

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, Combining Statement of Activities, and Combining Statement of Functional Expenses

The combining statement of financial position, combining statement of activities, and combining statement functional expenses are included to provide information regarding the individual programs of the charter schools and home office within the Organization and are presented on the accrual basis of accounting. Eliminating entries in the combining statement of financial position, combining statement of activities, and combining statement of functional expenses are for activities between each charter school and the home office.

Independent Auditor's Reports
June 30, 2022

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated _____, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

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 Organization's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. the Organization's response to the finding identified in our audit is described in the accompanying *schedule of findings and questioned costs*. the Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Rancho Cucamonga, California
_____, 2022

**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

Opinion on the Major Federal Program

We have audited The Accelerated Schools' (the Organization) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over 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 Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Rancho Cucamonga, California
_____, 2022

Independent Auditor's Report on State Compliance

Governing Board
The Accelerated Schools
Los Angeles, California

Report on Compliance

Opinion on State Compliance

We have audited The Accelerated Schools' (the Organization) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the Organization's state program requirements identified below for the year ended June 30, 2022.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's state programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the Organization’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the Organization’s compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	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

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
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	Yes
After School	Yes
Before School	No, see below
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	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
 Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Programs listed above for “Local Education Agencies Other Than Charter Schools” 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 the Organization did not receive funding for this program.

The Organization does 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.

The Organization's charter schools were not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

We did not perform Career Technical Education Incentive Grant procedures because the Organization did not receive funding for this grant.

ADA was below the threshold required for testing; therefore, we did not perform any procedures related to Determination of Funding for Nonclassroom-Based Instruction.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

Report on 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 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Rancho Cucamonga, California
_____, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

The Accelerated Schools

The Accelerated Schools
 Summary of Auditor's Results
 Year Ended June 30, 2022

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
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(a)	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
COVID-19 Education Stabilization Fund	84.425D
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

Internal control over state compliance for programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

The following finding represents a material weakness related to the financial statements that is 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

2022-001 30000 – Investment reconciliation

Criteria or Specific Requirement

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free of material misstatement, whether due to error or fraud. Such controls should include review and approval of year-end closing entries, as well as entries related to transactions that are not considered routine in nature, to ensure the financial statements are fairly stated.

Condition

During our audit of the financial statements, we identified that the investments accounts held by the charter school were not reconciled accurately.

Questioned cost

There were no questioned costs associated with the condition noted.

Context

The condition was identified through review of the Organization records related to the financial account balances associated with investments.

Effect

Entries were posted to correct investment balance for each individual charter school. There was no net effect on total net assets as a result of the reallocated balances.

Cause

This was an oversight that was not detected by the Organization subsequent to approving the unaudited trial balance.

Repeat Finding

No.

Recommendation

To ensure accurate reporting prior to closing the financial statements, procedures should be established to ensure that investment accounts are recorded correctly, and all transactions are properly accounted for at the time of the occurrence.

Corrective Action Plan and Views of Responsible Officials

Interest and investment income from pooled cash and investments will be allocated monthly to all sites based upon the prior month-end cash and investment balance of each site and as a percentage of the month-end total pooled cash and investment balance. Each month, the CBO or the Director of Fiscal Services will review the calculation, along with the month-end reconciliation, for timeliness, accuracy, and appropriateness.

Management is committed to continue to strengthen its oversight of the financial and accounting processes on an ongoing basis, including reviewing and approving year-end closing entries, as well as entries related to transactions that are not considered routine in nature, to ensure the financial statements are fairly stated.

The Accelerated Schools
Federal Awards Findings and Questioned Costs
Year Ended June 30, 2022

None reported.

The Accelerated Schools
State Compliance Findings and Questioned Costs
Year Ended June 30, 2022

None reported.

The Accelerated Schools
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.