



**THE
ACCELERATED
SCHOOLS**

THE ACCELERATED SCHOOLS

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2023**

**A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOLS**

Accelerated (Charter No. 0045)
Wallis Annenberg High (Charter No. 0538)
Accelerated Charter Elementary (Charter No. 0539)

**THE ACCELERATED SCHOOLS
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JUNE 30, 2023**

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Accelerated Schools
Los Angeles, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of The Accelerated Schools which comprise the statement of financial position as of June 30, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of The Accelerated Schools as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Accelerated Schools 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.

Change in Accounting Principle

As discussed in section O of Note 1 to the financial statements, in 2022-23 The Accelerated Schools adopted new accounting guidance, ASU No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 Accelerated Schools's ability to continue as a going concern within 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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Auditor’s Responsibilities for the Audit of the Financial Statements (continued)

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 generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 Accelerated Schools’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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Accelerated Schools’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 supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **December X, 2023**, on our consideration of The Accelerated Schools’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 Accelerated Schools’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 Accelerated Schools’s internal control over financial reporting and compliance.

San Diego, California
December X, 2023

THE ACCELERATED SCHOOLS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

| | |
|---------------------------|------------------------------|
| Current assets | |
| Cash and cash equivalents | \$ 6,692,649 |
| Investments | 29,281,632 |
| Accounts receivable | 9,407,412 |
| Prepaid expenses | 158,768 |
| Total current assets | <u>45,540,461</u> |
| Noncurrent assets | |
| Right-of-use asset | 230,986 |
| Capital assets, net | 66,917,426 |
| Total noncurrent assets | <u>67,148,412</u> |
| Total Assets | <u>\$ 112,688,873</u> |

LIABILITIES AND NET ASSETS

| | |
|---|------------------------------|
| Liabilities | |
| Accounts payable | \$ 4,691,738 |
| Deferred revenue | 10,453,030 |
| Operating lease liability | 236,136 |
| Loan payable | 8,984,317 |
| Total liabilities | <u>24,365,221</u> |
| Net assets | |
| Without donor restrictions | 88,323,652 |
| Total net assets | <u>88,323,652</u> |
| Total Liabilities and Net Assets | <u>\$ 112,688,873</u> |

The notes to the financial statements are an integral part of this statement.

**THE ACCELERATED SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>Without Donor Restrictions</u> |
|--|---------------------------------------|
| SUPPORT AND REVENUES | |
| Federal and state support and revenues | |
| Local control funding formula, state aid | \$ 18,031,772 |
| Federal revenues | 5,395,809 |
| Other state revenues | 6,262,600 |
| Total federal and state support and revenues | <u>29,690,181</u> |
| Local support and revenues | |
| Payments in lieu of property taxes | 5,405,546 |
| Grants and donations | 265,005 |
| In-kind contributions | 585,149 |
| Investment income, net | 1,520,217 |
| Other local revenues | 34,373 |
| Total local support and revenues | <u>7,810,290</u> |
| Total Support and Revenues | <u>37,500,471</u> |
| EXPENSES | |
| Program services | 30,590,777 |
| Management and general | 7,503,499 |
| Total Expenses | <u>38,094,276</u> |
| CHANGE IN NET ASSETS | (593,805) |
| Net Assets - Beginning | <u>88,917,457</u> |
| Net Assets - Ending | <u>\$ 88,323,652</u> |

The notes to the financial statements are an integral part of this statement.

**THE ACCELERATED SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

| | Program Services | Management and General | Total |
|------------------------------|----------------------|---------------------------|----------------------|
| EXPENSES | | | |
| Personnel expenses | | | |
| Certificated salaries | \$ 12,387,704 | \$ - | \$ 12,387,704 |
| Non-certificated salaries | 821,504 | 3,362,241 | 4,183,745 |
| Pension plan contributions | 3,029,108 | - | 3,029,108 |
| Payroll taxes | 257,181 | 322,784 | 579,965 |
| Other employee benefits | 1,700,007 | 417,647 | 2,117,654 |
| Total personnel expenses | <u>18,195,504</u> | <u>4,102,672</u> | <u>22,298,176</u> |
| Non-personnel expenses | | | |
| Books and supplies | 2,133,667 | 288,353 | 2,422,020 |
| Insurance | - | 199,604 | 199,604 |
| Facilities | 648,535 | 285,304 | 933,839 |
| Professional services | 6,085,603 | 1,737,607 | 7,823,210 |
| Interest expense | - | 218,037 | 218,037 |
| Depreciation | 2,163,994 | - | 2,163,994 |
| Fees to authorizing agency | 387,612 | 224,395 | 612,007 |
| Other operating expenses | 975,862 | 447,527 | 1,423,389 |
| Total non-personnel expenses | <u>12,395,273</u> | <u>3,400,827</u> | <u>15,796,100</u> |
| Total Expenses | <u>\$ 30,590,777</u> | <u>\$ 7,503,499</u> | <u>\$ 38,094,276</u> |

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The notes to the financial statements are an integral part of this statement.

**THE ACCELERATED SCHOOLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

| | |
|--|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ (593,805) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | |
| Noncash items | |
| Depreciation | 2,163,994 |
| Unrealized (gain)/loss on investments | (1,730,251) |
| Donated land | (585,000) |
| (Increase) decrease in operating assets | |
| Accounts receivable | (5,017,114) |
| Prepaid expenses | (34,901) |
| Prepaid rent | 5,150 |
| Increase (decrease) in operating liabilities | |
| Accounts payable | 3,504,194 |
| Deferred revenue | 7,453,310 |
| Net cash provided by (used in) operating activities | <u>5,165,577</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Proceeds from sale of investments | 1,501,921 |
| Purchase of capital assets | (1,699,642) |
| Net cash provided by (used in) investing activities | <u>(197,721)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Principal payments on loan payable | (376,886) |
| Net cash provided by (used in) financing activities | <u>(376,886)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 4,590,970 |
| Cash and cash equivalents - Beginning | <u>2,101,679</u> |
| Cash and cash equivalents - Ending | <u>\$ 6,692,649</u> |
| SUPPLEMENTAL DISCLOSURE | |
| Cash paid for interest | <u>\$ 218,037</u> |

The notes to the financial statements are an integral part of this statement.

**THE ACCELERATED SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Accelerated Schools (the “Organization”) was formed as a nonprofit public benefit corporation on May 24, 1999. The specific purpose of the corporation is to manage, operate, guide, and direct educational institutions. The Organization operates three public charter schools: The Accelerated School (TAS), Wallis Annenberg High School (WAHS), and Accelerated Charter Elementary School (ACES). Each school is authorized to operate as a public school through the Los Angeles Unified School District (the “authorizing agency” or “LAUSD”) through an approved charter petition. Additional information on each school is as follows:

| Charter | Charter No. | Start of School | Petition End Date* | Grades Served |
|---------|-------------|-----------------|--------------------|---------------|
| TAS | 0045 | Fall 1994 | 6/30/2027 | TK - 8 |
| WAHS | 0538 | Fall 2003 | 6/30/2026 | 9 - 12 |
| ACES | 0539 | Fall 2004 | 6/30/2026 | TK - 6 |

*As a result of AB 130 and SB 114, the charter petition end dates have been extended.

Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public. The Organization’s mission statement is: *The Accelerated Schools will graduate students who are prepared to succeed at the university and career of their choice who will enter the workplace as informed and productive employees, entrepreneurs, community leaders, and will act as responsible citizens.*

B. Basis of Accounting

The Organization’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

C. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. The Accelerated Schools reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

As a public charter school, The Accelerated Schools also accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is only used to the extent that internal accounting for multiple charter school or other program operations is necessary and is not used for external financial statement presentation.

**THE ACCELERATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

E. Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as “net assets released from restrictions.” Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

F. In Lieu of Property Tax Revenue

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on no later than December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to The Accelerated Schools. Revenues are recognized by the Organization when earned.

G. Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management’s estimates.

H. Cash and Cash Equivalents

The Accelerated Schools considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

I. Investments

The Organization’s method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Receivables and Allowances

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Organization establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2023, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

K. Capital Assets

The Accelerated Schools has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

L. Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

M. Income Taxes

The Accelerated Schools is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a financial institution, the Organization is not required to register with the California Attorney General as a charity.

The Organization's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Organization's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

N. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

THE ACCELERATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Change in Accounting Principle

ASC 842 Leases

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021.

Under FASB ASC 842, a right-of-use asset and a related lease liability must be recorded on the statement of financial position (balance sheet) for proper recognition of any operating lease. A right-of-use asset is an intangible asset that pertains to the lessee’s right to occupy, operate, and hold a leased asset during the agreed rental period. A lease liability is the financial obligation for the payments required by the lease, discounted to present value.

The Organization has determined the impact and has reflected the significant change from this accounting principle within its financial statements for the 2022-23 fiscal year. Refer to Note 8 for additional information regarding the operating lease and the related right-of-use asset and operating lease liability held by the Organization.

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NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as of June 30, 2023, consists of the following:

| | | |
|--|-----------|------------------|
| Cash in banks, non-interest bearing | \$ | 6,030,130 |
| Cash in banks, interest bearing | | 662,519 |
| Total Cash and Cash Equivalents | \$ | 6,692,649 |

Cash in Banks – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, an organization’s deposits may not be returned to it. The Accelerated Schools does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. At June 30, 2023, \$5,769,888 of The Accelerated Schools’s bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks.

NOTE 3 – INVESTMENTS

The following table provides a description and sets forth, by level within the fair value hierarchy explained in Note 1N, the Organization’s investments as of June 30, 2023. Investments as of June 30, 2023 are presented on the statement of financial position at the market value noted below.

| | Market Value | Fair Value Classification | | | At Cost |
|--------------------------|----------------------|---------------------------|-------------|-------------|----------------------|
| | | Level 1 | Level 2 | Level 3 | |
| Fixed income securities | \$ 18,112,303 | \$ 18,112,303 | \$ - | \$ - | \$ 19,271,528 |
| Alternative assets | 1,804,769 | 1,804,769 | - | - | 2,246,390 |
| Equity securities | 9,364,560 | 9,364,560 | - | - | 9,478,742 |
| Total Investments | \$ 29,281,632 | \$ 29,281,632 | \$ - | \$ - | \$ 30,996,660 |

THE ACCELERATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 3 – INVESTMENTS (continued)

Additionally, investment return for the year ended June 30, 2023, was as follows:

| | |
|------------------------------|---------------------|
| Interest and dividends | \$ 757,452 |
| Realized gain/(loss) | (864,389) |
| Unrealized gain/(loss) | 1,730,251 |
| Investment fees | (103,097) |
| Net Investment Income | <u>\$ 1,520,217</u> |

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2023, consists of the following:

| | |
|--|---------------------|
| Local control funding sources, state aid | \$ 5,514,864 |
| Federal sources | 1,432,872 |
| Other state sources | 1,969,876 |
| In lieu property tax payments | 488,040 |
| Other local sources | 1,760 |
| Total Accounts Receivable | <u>\$ 9,407,412</u> |

NOTE 5 – CAPITAL ASSETS

A summary of activity related to capital assets during the year ended June 30, 2023 consists of the following:

| | Balance July 1, 2022 | Additions | Disposals | Balance June 30, 2023 |
|-------------------------------|-------------------------|-------------------|-------------|--------------------------|
| Property and equipment | | | | |
| Land | \$ 4,935,853 | \$ 585,000 | \$ - | \$ 5,520,853 |
| Buildings and improvements | 80,966,024 | 565,787 | - | 81,531,811 |
| Furniture and equipment | 3,040,999 | 1,092,210 | - | 4,133,209 |
| Construction in progress | 85,898 | 41,645 | - | 127,543 |
| Total property and equipment | <u>89,028,774</u> | <u>2,284,642</u> | <u>-</u> | <u>91,313,416</u> |
| Less accumulated depreciation | (22,231,996) | (2,163,994) | - | (24,395,990) |
| Capital Assets, net | <u>\$ 66,796,778</u> | <u>\$ 120,648</u> | <u>\$ -</u> | <u>\$ 66,917,426</u> |

During the year ended June 30, 2023, the Organization made purchases of capital asset additions in the amount of \$1,699,642 and recognized a contribution for donated land of \$585,000. Additional information regarding the donated land is discussed at Note 14. Depreciation expense of \$120,648 was also recorded during the year.

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2023, consists of the following:

| | |
|-------------------------------|---------------------|
| Due to grantor government | \$ 2,739,192 |
| Vendor payables | 1,250,476 |
| Salaries and benefits | 702,070 |
| Total Accounts Payable | <u>\$ 4,691,738</u> |

THE ACCELERATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 7 – DEFERRED REVENUE

Deferred revenue as of June 30, 2023, consists of \$10,453,030 in conditional contributions received yet qualifying expenditures or other conditions of funding have not yet been met.

NOTE 8 – OPERATING LEASE

The Organization entered into a lease agreement to for use of equipment. The lease agreement covers a term beginning October 1, 2022 through September 30, 2027. At June 30, 2023, the right-of-use asset was \$230,986 and the operating lease liability was \$236,136. The Organization has accounted for this lease agreement using a discount rate of 2.9%. The associated asset and liability are amortized over the term of the lease as follows:

| Fiscal Year Ending June 30, | Operating Lease Liability | Right-of-Use Asset |
|-----------------------------|------------------------------|-----------------------|
| 2024 | \$ 63,895 | \$ 63,895 |
| 2025 | 58,980 | 58,980 |
| 2026 | 58,980 | 58,980 |
| 2027 | 58,980 | 58,980 |
| 2028 | 9,831 | 9,831 |
| Subtotal | 250,666 | 250,666 |
| NPV adjustment | (14,530) | (14,530) |
| Prepaid rent | - | (5,150) |
| Total | \$ 236,136 | \$ 230,986 |

NOTE 9 – LOAN 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 loan. The loan has an interest rate of 2% and maturity date of September 1, 2046. During the fiscal year ended June 30, 2023, the Organization made payments of \$594,666, which included \$376,886 of principal and \$217,780 of interest expense. As of June 30, 2023, the outstanding balance on the loan was \$8,984,317. Repayment obligations on the above referenced debt are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------|---------------------|---------------------|----------------------|
| 2024 | \$ 272,224 | \$ 178,170 | \$ 450,394 |
| 2025 | 314,595 | 171,949 | 486,544 |
| 2026 | 320,941 | 165,603 | 486,544 |
| 2027 | 327,416 | 159,128 | 486,544 |
| 2028 | 334,021 | 152,523 | 486,544 |
| Thereafter | 7,415,120 | 1,450,785 | 8,865,905 |
| Total | \$ 8,984,317 | \$ 2,278,158 | \$ 11,262,475 |

NOTE 10 – NET ASSETS

As of June 30, 2023, the Organization did not hold any net assets with donor restrictions. Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Organization.

THE ACCELERATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023

NOTE 10 – NET ASSETS (continued)

At June 30, 2023, the Organization’s net assets without donor restrictions consists of the following:

| | |
|--|----------------------|
| Net investment in capital assets | \$ 57,933,109 |
| Undesignated | 30,390,543 |
| Total Net Assets without Donor Restrictions | <u>\$ 88,323,652</u> |

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets as of June 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action. The Accelerated Schools maintains a line of credit (as mentioned in Note 13) which could be drawn upon to ensure financial assets are available as general expenditures and other obligations become due.

| | |
|---|----------------------|
| Financial Assets | |
| Cash and cash equivalents | \$ 6,692,649 |
| Investments | 29,281,632 |
| Accounts receivable | 9,407,412 |
| Prepaid expenses | 158,768 |
| Contractual or donor-imposed restrictions | |
| Cash held for conditional contributions | (10,453,030) |
| Financial Assets available to meet cash needs for expenditures within one year | <u>\$ 35,087,431</u> |

NOTE 12 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by an agency of the State of California. In accordance with *California Education Code 47605*, charter schools have the option of participating in such plan if an election to participate is specified within the charter petition. The Organization has made such election. Certificated employees are members of the California State Teachers’ Retirement System (CalSTRS). The Organization also offers social security as an alternative plan to all employees who may not qualify for CalSTRS. Additional information about CalSTRS is as follows:

Plan Description

The Accelerated Schools contributes to the California State Teachers’ Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers’ Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 10.25% or 10.205% of their 2022-23 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2022-23 was 19.10% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization’s contributions to CalSTRS for the fiscal year ended June 30, 2023 was \$2,099,145.

**THE ACCELERATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 12 – EMPLOYEE RETIREMENT PLANS (continued)

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for The Accelerated Schools is estimated at \$929,963. The on-behalf payment amount is computed as the proportionate share of total 2021-22 State on-behalf contributions.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, the charter schools operated by The Accelerated Schools are approved to operate as public charter schools through authorization by the Los Angeles Unified School District. As such, the charter schools are subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the charter petition end date were extended to June 30, 2025 for ACES and WAHS and to June 30, 2026 for TAS. Refer to Note 16 for information regarding an additional one-year extension.

The Organization makes payments to the authorizing agency to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to \$224,395 and total expenses for special education amounted to \$387,612 for the fiscal year ending June 30, 2023.

The Organization holds a ninety-nine year lease with LAUSD for the use of its facilities in Los Angeles for \$1 per year. The Organization has prepaid the total lease amount of \$99.

Governmental Funds

The Accelerated Schools 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 expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

Multiemployer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Organization's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Organization to make payments to the plan, which would approximate the Organization's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS has estimated that the Organization's share of withdrawal liability is approximately \$11,575,610 as of June 30, 2022. The Organization does not currently intend to withdraw from CalSTRS. Refer to Note 12 for additional information on employee retirement plans.

Line of Credit

The Accelerated Schools obtained a revolving line of credit with J.P. Morgan Bank in the amount of \$3,000,000. The Organization grants the bank a continuing lien and security interest in any and all deposits as security for full and punctual payment. The Organization had no outstanding loan payable under this line of credit as of June 30, 2023 nor had it drawn upon the line of credit at any point during the year.

**THE ACCELERATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)

Pending or Threatened Litigation

The Organization is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Organization as of June 30, 2023.

NOTE 14 – DONATED GOODS AND SERVICES

Use of Volunteers

During the year, many parents, administrators and other individuals donated significant amounts of time and services to The Accelerated Schools in an effort to advance the Organization's programs and objectives. These services have not been recorded in the Organization's financial statements because they do not meet the criteria required by generally accepted accounting principles.

Donated Land

The Organization received donated land for property located at 4051 Woodlawn Avenue in Los Angeles, California. The land was purchased by The Accelerated Schools Foundation in December 2019 for \$585,000 and donated to the Organization in May 2023. The land is adjacent to the Organization's main school site and may be utilized for future expansion of school facilities. The land has been valued at \$585,000 and recorded as a capital asset addition at Note 5.

NOTE 15 – RELATED PARTY TRANSACTIONS

The Accelerated Schools Foundation

The Accelerated Schools Foundation (the "Foundation") is a separate 501(c)(3) public charity that was established as a supporting organization of The Accelerated Schools. The Foundation's Director is also the Board President for the Organization and the Organization's Chief Business Official serves as the Foundation's Chief Financial Officer. During the year ended June 30, 2023, the Organization received a donation of land valued at \$585,000 (see Note 14).

Interagency Activity

As mentioned in Note 1A, the Organization operates three public charter schools. The Organization also operates a home office for administrative support to the charter schools. Interagency service fees are determined based on a student enrollment allocation. During the year ended June 30, 2023, the home office recorded revenue from service fees of \$2,978,939 and the charter schools collectively reported the same amount as a management and general expense. At June 30, 2023, TAS reported an interagency receivable of \$1,279,128 due from WAHS and WAHS has conversely reported this amount as an interagency payable. The operating units of the Organization (charter schools and home office) are encompassed within the one reporting entity. As such, interagency transactions and balances are eliminated in the financial statements by charter within the supplementary information.

**THE ACCELERATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2023**

NOTE 16 – SUBSEQUENT EVENTS

The Accelerated Schools has evaluated subsequent events for the period from June 30, 2023 through **December X, 2023**, the date the financial statements were available to be issued.

On July 10, 2023, the Governor of California approved Senate Bill 114 (SB 114), which amended California Education Code (EC) 47607.4. The EC was amended to add “all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, shall have their term extended by one additional year.” As a result, the charter petition end dates are extended to June 30, 2026 for ACES and WAHS and to June 30, 2027 for TAS.

Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

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SUPPLEMENTARY INFORMATION

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**THE ACCELERATED SCHOOLS
LEA ORGANIZATION STRUCTURE
JUNE 30, 2023**

This schedule provides information about the local education agency (LEA or charter school), including the charter schools’ authorizing agency, grades served, members of the governing body, and members of the administration.

The Accelerated Schools, located in Los Angeles County, was formed as a nonprofit public benefit corporation on May 24, 1999. The Accelerated Schools operates three charter schools, all of which are authorized to operate as a charter school through the Los Angeles Unified School District. The charter schools include: The Accelerated School (TAS or “Accelerated”), Wallis Annenberg High School (WAHS), and Accelerated Charter Elementary School (ACES). Additional information for each school is as follows followed by the board of trustees and administration:

| Charter | Charter No. | Start of School | Petition End Date* | Grades Served |
|---------|-------------|-----------------|--------------------|---------------|
| TAS | 0045 | Fall 1994 | 6/30/2027 | TK - 8 |
| WAHS | 0538 | Fall 2003 | 6/30/2026 | 9 - 12 |
| ACES | 0539 | Fall 2004 | 6/30/2026 | TK - 6 |

BOARD OF TRUSTEES

| Name | Office | Term Expiration |
|------------------------|----------------|-------------------|
| Leonard Rabinowitz | President | December 31, 2023 |
| Peter B. Morrison | Vice President | December 31, 2023 |
| Lawrence Picus, Ph.D. | Trustee | December 31, 2023 |
| Binti P. Yost | Trustee | December 31, 2023 |
| Elisabeth Weiss, Ph.D. | Trustee | December 31, 2023 |

ADMINISTRATION

| | | |
|---|--|--|
| Grace Lee-Chang <i>Chief Executive Officer</i> | Stephen Dickinson <i>Chief Business Officer</i> | Cynthia Foley, Ed.D. <i>Chief Human Resources Officer</i> |
| Thomas Crowther, Ed.D. <i>Director of Curriculum, Instruction & Assessment</i> | Debbie Kukta <i>Director of Fiscal Services</i> | Lenita Lugo <i>Director of Access, Equity, and Compliance</i> |
| Francis Reading <i>Director of Elementary Education</i> | Kimberly Sheehan, Ed.D. <i>Director of Operations</i> | Robert French <i>Director of Human Resources</i> |
| | Karin Figueroa <i>Principal, ACES (TK-6)</i> | Kim Clerx <i>Principal, TAS (TK-8)</i> |
| | David Tran <i>Co-Head, WAHS (9-12)</i> | Brian James, Ed.D. <i>Co-Head, WAHS (9-12)</i> |
| | Tom Nizetich <i>Facilities Director</i> | Carlos Garcia <i>Technology Director</i> |

**THE ACCELERATED SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Organization has not elected to use the 10 percent de minimis indirect cost rate.

| Federal Grantor/Pass-Through Grantor/Program or Cluster | AL Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|--------------|--|-------------------------|
| U. S. DEPARTMENT OF EDUCATION: | | | |
| <i>Passed through California Department of Education:</i> | | | |
| Title I, Part A, Basic Grants Low-Income and Neglected | 84.010 | 14329 | \$ 834,095 |
| Title II, Part A, Supporting Effective Instruction Local Grants | 84.367 | 14341 | 69,362 |
| Title III, English Learner Student Program | 84.365 | 14346 | 34,856 |
| Title IV, Part A, Student Support and Academic Enrichment Grants | 84.424 | 15396 | 14,872 |
| Title IV, Part B, 21st Century Community Learning Centers Program | 84.287 | 14349 | 190,875 |
| COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: | | | |
| Elementary and Secondary School Emergency Relief II (ESSER II) Fund | 84.425 | 15547 | 1,782,179 |
| Elementary and Secondary School Emergency Relief III (ESSER III) Fund | 84.425 | 15559 | 820,665 |
| Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss | 84.425U | 10155 | 28,061 |
| Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve | 84.425 | 15618 | 1,875 |
| Expanded Learning Opportunities (ELO) Grant GEER II | 84.425 | 15619 | 6,550 |
| Subtotal Education Stabilization Fund Discretionary Grants | | | 2,639,330 |
| <i>Passed through Los Angeles Unified School District:</i> | | | |
| Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611 | 84.027 | 13379 | 390,513 |
| Total U. S. Department of Education | | | 4,173,903 |
| U. S. DEPARTMENT OF AGRICULTURE: | | | |
| <i>Passed through California Department of Education:</i> | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program - Needy | 10.553 | 13526 | - |
| National School Lunch Program | 10.555 | 13391 | 1,221,906 |
| Subtotal Child Nutrition Cluster | | | 1,221,906 |
| Total U. S. Department of Agriculture | | | 1,221,906 |
| Total Federal Expenditures | | | \$ 5,395,809 |

**THE ACCELERATED SCHOOLS
STATEMENT OF FINANCIAL POSITION BY CHARTER
JUNE 30, 2023**

| Charter No. | 0045 | 0538 | 0539 | | | |
|---|----------------------|--------------------------|------------------------------|-------------------|-----------------------|-----------------------|
| | Accelerated | Wallis Annenberg High | Accelerated Charter Elem. | Home Office | Eliminations | Total |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 3,240,035 | \$ 884,432 | \$ 2,268,672 | \$ 299,510 | \$ - | \$ 6,692,649 |
| Investments | 7,013,437 | 13,721,673 | 8,546,522 | - | - | 29,281,632 |
| Accounts receivable | 3,465,642 | 2,498,372 | 3,443,398 | - | - | 9,407,412 |
| Prepaid expenses | 60,026 | 33,733 | 58,901 | 6,108 | - | 158,768 |
| Interagency receivable | 1,279,128 | - | - | - | (1,279,128) | - |
| Total current assets | 15,058,268 | 17,138,210 | 14,317,493 | 305,618 | (1,279,128) | 45,540,461 |
| Noncurrent assets | | | | | | |
| Right-of-use asset | 230,986 | - | - | - | - | 230,986 |
| Capital assets, net | 35,850,025 | 654,035 | 30,412,111 | 1,255 | - | 66,917,426 |
| Total noncurrent assets | 36,081,011 | 654,035 | 30,412,111 | 1,255 | - | 67,148,412 |
| Total Assets | \$ 51,139,279 | \$ 17,792,245 | \$ 44,729,604 | \$ 306,873 | \$ (1,279,128) | \$ 112,688,873 |
| LIABILITIES AND NET ASSETS | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 2,037,441 | \$ 1,223,330 | \$ 1,234,036 | \$ 196,931 | \$ - | \$ 4,691,738 |
| Interagency payable | - | 1,279,128 | - | - | (1,279,128) | - |
| Deferred revenue | 4,712,020 | 1,929,430 | 3,811,580 | - | - | 10,453,030 |
| Operating lease liability | 236,136 | - | - | - | - | 236,136 |
| Loan payable | - | - | 8,984,317 | - | - | 8,984,317 |
| Total liabilities | 6,985,597 | 4,431,888 | 14,029,933 | 196,931 | (1,279,128) | 24,365,221 |
| Net assets | | | | | | |
| Without donor restrictions | 44,153,682 | 13,360,357 | 30,699,671 | 109,942 | - | 88,323,652 |
| With donor restrictions | - | - | - | - | - | - |
| Total net assets | 44,153,682 | 13,360,357 | 30,699,671 | 109,942 | - | 88,323,652 |
| Total Liabilities and Net Assets | \$ 51,139,279 | \$ 17,792,245 | \$ 44,729,604 | \$ 306,873 | \$ (1,279,128) | \$ 112,688,873 |

**THE ACCELERATED SCHOOLS
STATEMENT OF ACTIVITIES BY CHARTER
FOR THE YEAR ENDED JUNE 30, 2023**

| | Charter No. | | | | Eliminations | Total |
|--|----------------------|--------------------------|------------------------------|-------------------|--------------------|----------------------|
| | 0045 | 0538 | 0539 | | | |
| | Accelerated | Wallis Annenberg High | Accelerated Charter Elem. | Home Office | | |
| WITHOUT DONOR RESTRICTIONS | | | | | | |
| SUPPORT AND REVENUES | | | | | | |
| Federal and state support and revenues | | | | | | |
| Local control funding formula, state aid | \$ 7,553,117 | \$ 5,474,889 | \$ 5,003,766 | \$ - | \$ - | \$ 18,031,772 |
| Federal revenues | 2,396,282 | 1,672,086 | 1,327,441 | - | - | 5,395,809 |
| Other state revenues | 2,318,867 | 1,487,032 | 2,456,701 | - | - | 6,262,600 |
| Total federal and state support and revenues | 12,268,266 | 8,634,007 | 8,787,908 | - | - | 29,690,181 |
| Local support and revenues | | | | | | |
| Payments in lieu of property taxes | 2,406,995 | 1,434,507 | 1,564,044 | - | - | 5,405,546 |
| Grants and donations | 217,037 | 26,159 | 21,809 | - | - | 265,005 |
| In-kind contributions | 585,000 | - | 149 | - | - | 585,149 |
| Investment income, net | 402,858 | 685,618 | 431,741 | - | - | 1,520,217 |
| Other local revenues | 3,561 | 21,491 | 9,321 | 2,978,939 | (2,978,939) | 34,373 |
| Total local support and revenues | 3,615,451 | 2,167,775 | 2,027,064 | 2,978,939 | (2,978,939) | 7,810,290 |
| Total Support and Revenues | 15,883,717 | 10,801,782 | 10,814,972 | 2,978,939 | (2,978,939) | 37,500,471 |
| EXPENSES | | | | | | |
| Program services | 13,931,090 | 7,667,571 | 7,838,924 | 1,153,192 | - | 30,590,777 |
| Management and general | 3,721,194 | 2,479,889 | 2,461,284 | 1,820,071 | (2,978,939) | 7,503,499 |
| Total Expenses | 17,652,284 | 10,147,460 | 10,300,208 | 2,973,263 | (2,978,939) | 38,094,276 |
| CHANGE IN NET ASSETS | (1,768,567) | 654,322 | 514,764 | 5,676 | - | (593,805) |
| Net Assets - Beginning | 45,922,249 | 12,706,035 | 30,184,907 | 104,266 | - | 88,917,457 |
| Net Assets - Ending | \$ 44,153,682 | \$ 13,360,357 | \$ 30,699,671 | \$ 109,942 | \$ - | \$ 88,323,652 |

**THE ACCELERATED SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023**

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

| | Accelerated (No. 0045) | | Wallis Annenberg High (No. 0538) | | Accelerated Charter Elem. (No. 0539) | |
|--|------------------------|---------------|----------------------------------|---------------|--------------------------------------|---------------|
| | Second Period | | Second Period | | Second Period | |
| | Report | Annual Report | Report | Annual Report | Report | Annual Report |
| | Classroom-Based | | Classroom-Based | | Classroom-Based | |
| Grade Span | | | | | | |
| Regular | | | | | | |
| Kindergarten* through third | 248.30 | 247.30 | - | - | 287.46 | 288.07 |
| Fourth through sixth | 220.96 | 221.16 | - | - | 177.60 | 177.95 |
| Seventh through eighth | 241.96 | 241.63 | - | - | - | - |
| Ninth through twelfth | - | - | 420.65 | 418.33 | - | - |
| Special education - nonpublic | | | | | | |
| Kindergarten through third | 0.17 | 0.37 | - | - | - | - |
| Ninth through twelfth | - | - | 1.09 | 1.08 | - | - |
| Total Average Daily Attendance - Classroom-Based | 711.39 | 710.46 | 421.74 | 419.41 | 465.06 | 466.02 |
| | Nonclassroom-Based | | Nonclassroom-Based | | Nonclassroom-Based | |
| Grade Span | | | | | | |
| Regular | | | | | | |
| Kindergarten* through third | 13.67 | 12.97 | - | - | 3.10 | 2.94 |
| Fourth through sixth | 6.36 | 5.74 | - | - | 1.42 | 1.32 |
| Seventh through eighth | 0.04 | 0.27 | - | - | - | - |
| Ninth through twelfth | - | - | 0.63 | 0.49 | - | - |
| Total Average Daily Attendance - Nonclassroom-Based | 20.07 | 18.98 | 0.63 | 0.49 | 4.52 | 4.26 |
| Total Average Daily Attendance | 731.46 | 729.44 | 422.37 | 419.90 | 469.58 | 470.28 |

*Includes Transitional Kindergarten (TK)

**THE ACCELERATED SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2023**

This schedule presents information on the amount of instructional time offered per grade level by the charter schools operated by The Accelerated Schools and whether the charter schools complied with the provisions of *Education Code Section 47612.5*.

| Charter Name Grade Level | Minutes Requirement | 2022-23 Instructional Minutes | 2022-23 Number of Days | Status |
|--|------------------------|-------------------------------------|------------------------------|----------|
| Accelerated (Charter No. 0045) | | | | |
| Kindergarten* | 36,000 | 55,875 | 180 | Complied |
| Grade 1 | 50,400 | 56,430 | 180 | Complied |
| Grade 2 | 50,400 | 56,430 | 180 | Complied |
| Grade 3 | 50,400 | 58,230 | 180 | Complied |
| Grade 4 | 54,000 | 59,130 | 180 | Complied |
| Grade 5 | 54,000 | 59,130 | 180 | Complied |
| Grade 6 | 54,000 | 63,600 | 180 | Complied |
| Grade 7 | 54,000 | 63,600 | 180 | Complied |
| Grade 8 | 54,000 | 63,600 | 180 | Complied |
| Wallis Annenberg High (Charter No. 0538) | | | | |
| Grade 9 | 64,800 | 65,265 | 180 | Complied |
| Grade 10 | 64,800 | 65,265 | 180 | Complied |
| Grade 11 | 64,800 | 65,265 | 180 | Complied |
| Grade 12 | 64,800 | 65,265 | 180 | Complied |
| Accelerated Charter Elementary (Charter No. 0539) | | | | |
| Kindergarten* | 36,000 | 56,880 | 180 | Complied |
| Grade 1 | 50,400 | 58,560 | 180 | Complied |
| Grade 2 | 50,400 | 58,560 | 180 | Complied |
| Grade 3 | 50,400 | 58,560 | 180 | Complied |
| Grade 4 | 54,000 | 60,240 | 180 | Complied |
| Grade 5 | 54,000 | 60,240 | 180 | Complied |
| Grade 6 | 54,000 | 60,240 | 180 | Complied |

*Includes Transitional Kindergarten (TK)

**THE ACCELERATED SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2023**

This schedule provides the information, if applicable, necessary to reconcile net position for the Charter Schools Enterprise Fund reported on the Annual Financial and Budget Report (Unaudited Actuals) by charter school to net assets on the audited financial statements by charter school.

| Charter No. | <u>0045</u> | <u>0538</u> | <u>0539</u> |
|--|----------------------|----------------------------------|--------------------------------------|
| | <u>Accelerated</u> | <u>Wallis Annenberg High</u> | <u>Accelerated Charter Elem.</u> |
| June 30, 2023, net position in Charter Schools Enterprise Fund per Annual Financial and Budget Report (Unaudited Actuals) | <u>\$ 44,153,682</u> | <u>\$ 13,360,357</u> | <u>\$ 30,775,573</u> |
| Adjustments: | | | |
| Increase (decrease) in total net assets: | | | |
| Record state funding as deferred revenue | <u>-</u> | <u>-</u> | <u>(75,902)</u> |
| June 30, 2023, net assets per audited financial statements | <u>\$ 44,153,682</u> | <u>\$ 13,360,357</u> | <u>\$ 30,699,671</u> |

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OTHER INDEPENDENT AUDITORS' REPORTS

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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

Independent Auditors' Report

To the Board of Trustees of
The Accelerated Schools
Los Angeles, California

We have audited, 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, the financial statements of The Accelerated Schools (the "Organization") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated **December X, 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on 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*.

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.

San Diego, California
December X, 2023

DRAFT

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditors' Report

To the Board of Trustees of
The Accelerated Schools
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Accelerated Schools's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Accelerated Schools's major federal programs for the year ended June 30, 2023. The Accelerated Schools's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Accelerated Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). 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 Accelerated Schools 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 on compliance for each major federal program. Our audit does not provide a legal determination of The Accelerated Schools'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 Accelerated Schools'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 Accelerated Schools'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about The Accelerated Schools's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 Accelerated Schools's compliance with the compliance requirements referred to above and performing such procedures as we consider necessary in the circumstances.
- Obtain an understanding of The Accelerated Schools'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Accelerated Schools'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, significant audit findings, and certain 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 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 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. 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.

Report on Internal Control Over Compliance (continued)

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.

San Diego, California
December X, 2023

DRAFT

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

To the Board of Trustees of
The Accelerated Schools
Los Angeles, California

Report on State Compliance

Opinion on State Compliance

We have audited The Accelerated Schools's compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to The Accelerated Schools's state program requirements for the fiscal year ended June 30, 2023. Reference to The Accelerated Schools within this letter is inclusive of Accelerated (Charter No. 0045), Wallis Annenberg High (Charter No. 0538), and Accelerated Charter Elementary (Charter No. 0539).

In our opinion, The Accelerated Schools complied, in all material respects, with the laws and regulations of the applicable state programs for the year ended June 30, 2023, as identified in the table in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

Basis for Opinion on State Compliance

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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of The Accelerated Schools and to meet certain 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 on state compliance. Our audit does not provide a legal determination of The Accelerated Schools'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 internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Accelerated Schools's state programs.

Auditor’s Responsibilities for the Audit for State Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Accelerated Schools'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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about The Accelerated Schools's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgement 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 Accelerated Schools's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Accelerated Schools'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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of The Accelerated Schools's internal control over compliance. Accordingly, no such opinion is expressed; and
- Select and test transactions and records to determine The Accelerated Schools’s compliance with the state laws and regulations to the following items:

| Description | Procedures Performed | | |
|--|-------------------------|----------------|----------------|
| | Charter No. 0045 TAS | 0538 WAHS | 0539 ACES |
| School Districts, County Offices of Education and Charter Schools | | | |
| California Clean Energy Jobs Act | Yes | Yes | Not applicable |
| After/Before School Education and Safety Program | Yes | Not applicable | Yes |
| Proper Expenditure of Education Protection Account Funds | Yes | Yes | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes | Yes | Yes |
| Local Control and Accountability Plan | Yes | Yes | Yes |
| Independent Study-Course Based | Not applicable | Not applicable | Not applicable |
| Immunizations | Yes | Yes | Yes |
| Educator Effectiveness | Yes | Yes | Yes |
| Expanded Learning Opportunities Grant (ELO-G) | Yes | Yes | Yes |
| Career Technical Education Incentive Grant | Not applicable | Not applicable | Not applicable |
| Transitional Kindergarten | Yes | Not applicable | Yes |
| Charter Schools | | | |
| Attendance | Yes | Yes | Yes |
| Mode of Instruction | Yes | Yes | Yes |
| Nonclassroom-Based Instruction/Independent Study | Yes | No* | No* |
| Determination of Funding for Nonclassroom-Based Instruction | Not applicable | Not applicable | Not applicable |
| Annual Instructional Minutes – Classroom Based | Yes | Yes | Yes |
| Charter School Facility Grant Program | Yes | Not applicable | Not applicable |

**We did not perform testing of Nonclassroom-Based Instruction/Independent Study for WAHS or ACES because reported average daily attendance (ADA) was not material for either charter school.*

“Not applicable” is used in the table above to indicate that the charter school either did not receive program funding or did not otherwise operate the program during the fiscal year.

Auditor’s Responsibilities for the Audit for State Compliance (continued)

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 or material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the K-12 Audit Guide and which are described in the accompanying schedule of findings and questioned costs as Finding 2023-001. Our opinion on state compliance is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on The Accelerated Schools’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs as the corrective action plan. The Accelerated Schools’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state 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 state 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 State Compliance section 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. 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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

San Diego, California
December X, 2023

FINDINGS AND QUESTIONED COSTS SECTION

DRAFT

**THE ACCELERATED SCHOOLS
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2023**

Financial Statements

| | |
|--|----------------------|
| Type of auditors' report issued | <u>Unmodified</u> |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | <u>No</u> |
| Significant deficiency(ies) identified not considered to be material weaknesses? | <u>None Reported</u> |
| Noncompliance material to financial statements noted? | <u>None</u> |

Federal Awards

| | |
|---|----------------------|
| Internal control over major program: | |
| Material weakness(es) identified? | <u>No</u> |
| Significant deficiency(ies) identified? | <u>None Reported</u> |
| Type of auditors' report issued: | <u>Unmodified</u> |
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)? | <u>No</u> |
| Identification of major programs: | |

| <u>AL Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 84.425, 84.425U | Education Stabilization Fund Discretionary Grants |
| 10.553, 10.555 | Child Nutrition Cluster |

| | |
|--|-------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$ 750,000</u> |
| Auditee qualified as low-risk auditee? | <u>Yes</u> |

State Awards

| | |
|---|----------------------|
| Internal control over state programs: | |
| Material weakness(es) identified? | <u>No</u> |
| Significant deficiency(ies) identified not considered to be material weaknesses? | <u>None Reported</u> |
| Any audit findings disclosed that are required to be reported in accordance with <i>2022-23 Guide for Annual Audits of California K-12 Local Education Agencies</i> ? | <u>Yes</u> |
| Type of auditors' report issued on compliance for state programs: | <u>Unmodified</u> |

**THE ACCELERATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

All audit year findings, if any, are assigned an appropriate finding code as follows:

| FIVE DIGIT CODE | AB 3627 FINDING TYPE |
|------------------------|--|
| 10000 | Attendance |
| 20000 | Inventory of Equipment |
| 30000 | Internal Control |
| 40000 | State Compliance |
| 42000 | Charter School Facilities Programs |
| 43000 | Apprenticeship: Related and Supplemental Instruction |
| 50000 | Federal Compliance |
| 60000 | Miscellaneous |
| 61000 | Classroom Teacher Salaries |
| 62000 | Local Control Accountability Plan |
| 70000 | Instructional Materials |
| 71000 | Teacher Misassignments |
| 72000 | School Accountability Report Card |

FINANCIAL STATEMENT FINDINGS

There were no audit findings related to the financial statements for the year ended June 30, 2023.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no audit findings and questioned costs related to federal awards for the year ended June 30, 2023.

STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2023-001: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA (LCFF) PUPIL COUNT (40000)

Criteria: Students classified as English learners (EL) or free or reduced-price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

Condition: One (1) student reviewed for audit at The Accelerated School (“TAS”, Charter No. 0045) was classified as FRPM; however, documentation determined that this student did not qualify for this status. The error was noted for only the one charter school from a total FRPM population of twenty-five (25) students at TAS. Based on an extrapolation of the error rate across the remaining impacted student population, a total error of 7 students has been determined for the unduplicated LCFF pupil count for TAS.

Effect: The Accelerated School (Charter No. 0045) is not in compliance with applicable State requirements.

Cause: A clerical error in the review of household income documentation due to inaccurate or incomplete information.

**THE ACCELERATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

**FINDING 2023-001: UNDUPLICATED LOCAL CONTROL FUNDING FORMULA (LCFF) PUPIL COUNT (40000)
(continued)**

Questioned Cost: A negative fiscal impact of \$4,131 has been determined based on the following audit penalty calculator supplied by the California Department of Education (CDE):

| Item Number | Calculating the Cost of LCFF Unduplicated Pupil Count Audit Finding | Data Input and Calculated Fields |
|--------------------|--|---|
| 1 | Total Adjusted Enrollment from the UPP exhibit as of P-2 | 2,293 |
| 2 | Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2 | 2,246 |
| 3 | Audit Adjustment - Number of Enrollment | - |
| 4 | Audit Adjustment - Number of Unduplicated Pupil Count | (7) |
| 5 | Revised Adjusted Enrollment | 2,293 |
| 6 | Revised Adjusted Unduplicated Pupil Count | 2,239 |
| 7 | UPP calculated as of P-2 | 0.9795 |
| 8 | Revised UPP for audit finding | 0.9765 |
| 9 | Charter Schools Only: Determinative School District Concentration Cap | 0.8597 |
| 10 | Revised UPP adjusted for Concentration Cap | 0.8597 |
| 11 | Supplemental and Concentration Grant TK/K-3 ADA | 249.25 |
| 12 | Supplemental and Concentration Grant 4-6 ADA | 220.27 |
| 13 | Supplemental and Concentration Grant 7-8 ADA | 241.32 |
| 14 | Supplemental and Concentration Grant 9-12 ADA | 0.00 |
| 15 | Adjusted Base Grant per TK/K-3 ADA | \$10,119 |
| 16 | Adjusted Base Grant per 4-6 ADA | \$9,304 |
| 17 | Adjusted Base Grant per 7-8 ADA | \$9,580 |
| 18 | Adjusted Base Grant per 9-12 ADA | \$11,391 |
| 19 | Supplemental Grant Funding calculated as of P-2 | \$1,348,458 |
| 20 | Revised Supplemental Grant Funding for audit finding | \$1,344,327 |
| 21 | Supplemental Grant Funding audit adjustment | (\$4,131) |
| 22 | Concentration Grant Funding calculated as of P-2 | \$1,385,663 |
| 23 | Revised Concentration Grant Funding for audit finding | \$1,385,663 |
| 24 | Concentration Grant Funding audit adjustment | \$0 |
| 25 | Total Supplemental and Concentration audit adjustment | (\$4,131) |

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that charter school staff ensure supporting documentation for each students' designation is thoroughly reviewed and data is timely reported or amended when submitting CALPADS data. We also recommend providing additional guidance to families for accurate use of household income forms.

Corrective Action Plan: During an Operations Committee meeting prior to the start of the 23-24 school year, the Business team provided training on how the Household Income Data Form should be correctly completed. The Business Team attended each of the before-school parent meetings where most of the Income Forms would be completed and turned in, working alongside staff assisting parents/guardians completing the forms and reviewing them for accurate completion. Clarifications/corrections took place then and there. Prior to the September 30 turn-in deadline, staff at each site followed up with families for whom a form hadn't been turned in, in some instances offering an incentive to improve results. A full audit of the forms in the month of November 2023 should ensure that the forms have been properly completed and the correct information regarding Free and Reduced Lunch entered into PowerSchool. These steps will take place annually going forward.

**THE ACCELERATED SCHOOLS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

FINDING 2022-001: INVESTMENT RECONCILIATION 30000

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.

Current Status: Implemented.