

Financial Statements

June 30, 2021

The Accelerated Schools

(Operating The Accelerated School

(TAS) No.0045,

Accelerated Charter Elementary School

(ACES) No. 0539,

Wallis Annenberg High School (WAHS)

No.0538)

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Independent Auditor's Report

Governing Board
The Accelerated Schools
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Accelerated Schools (the Organization) (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Organization, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and other supplementary information on pages 18-27 are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards and the other supplementary information on pages 18-27 is the responsibility of management, and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Rancho Cucamonga, California
_____, 2021

The Accelerated Schools
Statement of Financial Position
June 30, 2021

Assets	
Current assets	
Cash and cash equivalents	\$ 1,417,433
Short-term investments	31,773,670
Accounts receivable	6,274,932
Prepaid expenses	<u>191,962</u>
Total current assets	<u>39,657,997</u>
Non-current assets	
Property and equipment, net	<u>68,745,081</u>
Total assets	<u><u>\$ 108,403,078</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 1,725,745
Accrued liabilities	1,618
Accrued compensated absences	412,703
Refundable advance	550,969
Current portion of notes payable	<u>296,299</u>
Total current liabilities	<u>2,987,334</u>
Long-term liabilities	
Notes payable, less current portion	<u>9,322,744</u>
Total liabilities	<u>12,310,078</u>
Net Assets	
Without donor restrictions	<u>96,093,000</u>
Total liabilities and net assets	<u><u>\$ 108,403,078</u></u>

The Accelerated Schools
Statement of Activities
Year Ended June 30, 2021

	<u>Without donor Restrictions</u>
Support and revenues	
Local Control Funding Formula	\$ 19,048,534
Federal revenue	5,142,624
Other state revenue	2,815,962
Local revenues	1,134,209
Interest income	969,885
Net investment income	<u>1,722,346</u>
Total support and revenues	<u>30,833,560</u>
Expenses	
Program services	26,389,361
Management and general	<u>3,727,748</u>
Total expenses	<u>30,117,109</u>
Change in Net Assets	<u>716,451</u>
Net Assets, Beginning of Year	<u>95,376,549</u>
Net Assets, End of Year	<u><u>\$ 96,093,000</u></u>

The Accelerated Schools
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Management and General	Total Expenses
Salaries	\$ 11,813,141	\$ 1,955,943	\$ 13,769,084
Employee benefits	1,865,362	-	1,865,362
Payroll taxes	2,827,665	-	2,827,665
Fees for services	2,159,699	680,576	2,840,275
Advertising and promotions	-	855	855
Office expenses	-	106,715	106,715
Information technology	-	118,862	118,862
Occupancy	981,380	-	981,380
Travel	4,326	-	4,326
Interest	-	196,104	196,104
Depreciation and amortization	2,100,629	-	2,100,629
Insurance	-	143,467	143,467
Other expenses	21,057	335,128	356,185
Capital outlay	2,300,972	-	2,300,972
Special education	276,102	-	276,102
Instructional materials	801,693	-	801,693
Nutrition	1,237,335	-	1,237,335
District oversight fees	-	190,098	190,098
	<u>\$ 26,389,361</u>	<u>\$ 3,727,748</u>	<u>\$ 30,117,109</u>
Total functional expenses	<u>\$ 26,389,361</u>	<u>\$ 3,727,748</u>	<u>\$ 30,117,109</u>

The Accelerated Schools
Statement of Cash Flows
Year Ended June 30, 2021

Operating Activities	
Change in net assets	\$ 716,451
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation expense	2,100,629
Interest expense attributable to the amortization of bond issuance costs and premium/discount on bonds	1,722,346
Changes in operating assets and liabilities	
Accounts receivable	(3,437,169)
Prepaid expenses	(107,057)
Accounts payable	(68,812)
Accrued liabilities	(204,337)
Accrued compensated absences	49,123
Refundable advance	550,969
Net Cash from Operating Activities	<u>1,322,143</u>
Investing Activities	
Purchases of property and equipment	(107,412)
Purchases of investments	(24,558,860)
Proceeds from the sale of investments	10,822,439
Net Cash used for Investing Activities	<u>(13,843,833)</u>
Financing Activities	
Principal payments on notes	(289,957)
Net Change in Cash and Cash Equivalents	(12,811,647)
Cash and Cash Equivalents, Beginning of Year	<u>14,229,080</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,417,433</u>
Supplemental Cash Flow Disclosure	
Cash paid during the period in interest	<u>\$ 196,104</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, 2021.

Cash and Cash Equivalents

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

Investments

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

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2021 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.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as the Organization deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2021 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, 2021.

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. The Organization did not receive cost-reimbursable grants, however the Organization did receive an advance payment of \$550,969 recognized in the statement of financial position as a refundable advance.

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

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities 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 consolidated statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Organization's consolidated financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its consolidated 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.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*, which requires a nonprofit entity to present contributed nonfinancial assets in the consolidated statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The ASU is effective for the Organization for the year ended June 30, 2022. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

As of July 1, 2020, the Organization adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. Management has determined that the adoption of this standard did not have a significant impact on the Organization's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Organization has adopted this ASU as of July 1, 2020. Management has determined that the adoption of this standard did not have a significant impact on the Organization's consolidated financial statement disclosures.

Note 2 - Liquidity and Availability

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

Cash and cash equivalents	\$ 1,417,433
Accounts receivable	6,274,932
Short-term investments	<u>31,773,670</u>
Total	<u>\$ 39,657,997</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 mutual funds with readily determinable fair values based on daily redemption values. Certain certificates of deposit are considered invested and traded in the financial markets. Those certificates of deposit, 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 following table presents assets and liabilities measured at fair value on a recurring basis, as identified in the following, at June 30, 2021:

	Fair Value Measurements at Report Date Using <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Investments	
Money market funds	\$ 930,229
U.S. Large Capitalization Equities	4,291,027
U.S. Small Capitalization Equities	57,622
Development International Equities	2,059,868
Emerging Markets Equities	432,015
Non-U.S. Bonds	960,433
Preferred Securities	809,111
U.S. Treasure Notes and Bonds	2,126,641
U.S. Municipal Bonds	755,754
U.S. Corporate Bonds	12,763,454
U.S. Non-Investment Grade Bonds	5,845,946
REITs	741,570
	<u>\$ 31,773,670</u>

Note 4 - Property and Equipment

Property and equipment consist of the following at June 30, 2021:

Land	\$ 4,935,853
Building and improvements	80,948,989
Computer and equipment	2,974,975
Work in progress	47,303
	<u>88,907,120</u>
Less accumulated depreciation	<u>(20,162,039)</u>
Total	<u>\$ 68,745,081</u>

Note 5 - Notes Payable

The School has entered into an agreement under the Charter School Facilities Program of the California School Finance Authority (CSFA). Under this agreement, the School was awarded funding for facilities, of which 50 percent is in the form of a loan. The loan has an interest rate of 2 percent and loan maturity date of September 1, 2046. The total amount of the award and the loan balance as of June 30, 2021 was \$9,619,043.

Future maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 296,299
2023	302,276
2024	308,374
2025	314,595
2026	<u>8,397,499</u>
Total	<u>\$ 9,619,043</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, with options that expires on June 30, 2022. The lease expense under this agreement for the fiscal year ended June 30, 2021 was \$61,800.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2022	<u>\$ 63,654</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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2021, 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	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, Organization, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the Organization's total contributions were \$1,566,560.

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 \$873,515 (10.328 percent of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

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.

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

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 , 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.

Assembly Bill 130 approved on July 9, 2021 extends the terms of all charter schools whose terms expire on or between January 1, 2022 and June 30, 2025, inclusive, by two years. No action is required of charter authorizers or charter schools for this extension.

As of December 1, TAS has divested any of their non-investment grade securities and without adverse effect. Further, TAS has prepared an updated Investment Policy Statement which specifically prohibits the future acquisition of any below investment grade securities.

Supplementary Information
June 30, 2021

The Accelerated Schools

The Accelerated Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial 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	84.435D	15536	\$ 439,768
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	64,862
COVID-19 CARES Act Supplemental meal Reimbursement	84.425D	15535	<u>180,774</u>
Subtotal			<u>685,404</u>
Special Education Cluster			
Basic Local Assistance Entitlement	84.027	13379	337,928
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	839,159
Title II, Part A, Supporting Effective Instruction	84.367	14341	79,264
Title III, English Learner Student Program	84.365	14346	66,757
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	<u>72,423</u>
Total U.S. Department of Education			<u>2,080,935</u>
U.S. Department of Treasury			
Passed through CDE			
COVID-19 Coronavirus Relief Fund	21.019	25516	1,832,869
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	473,352
National School Lunch Program	10.555	13396	<u>755,468</u>
Total Child Nutrition Cluster			<u>1,228,820</u>
Total Federal Programs			<u>\$ 5,142,624</u>

ORGANIZATION

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

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

The Organization operates three charter schools during the 2020-2021 school year.

GOVERNING BOARD

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

ADMINISTRATION

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

The Accelerated Schools
 Schedule of Instructional Time
 Year Ended June 30, 2021

The Accelerated School

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	196	N/A	-	196	Complied
Grades 1 - 3					
Grade 1	196	N/A	-	196	Complied
Grade 2	196	N/A	-	196	Complied
Grade 3	196	N/A	-	196	Complied
Grades 4 - 6					
Grade 4	196	N/A	-	196	Complied
Grade 5	196	N/A	-	196	Complied
Grade 6	196	N/A	-	196	Complied
Grades 7 - 8					
Grade 7	196	N/A	-	196	Complied
Grade 8	196	N/A	-	196	Complied

Accelerated Charter Elementary School

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	196	N/A	-	196	Complied
Grades 1 - 3					
Grade 1	196	N/A	-	196	Complied
Grade 2	196	N/A	-	196	Complied
Grade 3	196	N/A	-	196	Complied
Grades 4 - 6					
Grade 4	196	N/A	-	196	Complied
Grade 5	196	N/A	-	196	Complied
Grade 6	196	N/A	-	196	Complied

Wallis Annenberg High School

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Grades 9 - 12					
Grade 9	196	N/A	-	196	Complied
Grade 10	196	N/A	-	196	Complied
Grade 11	196	N/A	-	196	Complied
Grade 12	196	N/A	-	196	Complied

The Accelerated Schools
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2021

	The Accelerated School	Accelerated Charter Elementary School	Wallis Annenberg High School
Net Assets			
Balance, June 30, 2021, Unaudited Actuals	\$ 49,771,172	\$ 31,913,088	\$ 14,564,130
Decrease in			
Cash and cash equivalents	(706,097)	(42,827)	(64,782)
Property and equipment, net	(53,342)	-	(19,534)
Accounts payable	-	42,174	41,534
Increase in			
Accounts receivable	575,107	-	80
Investments	-	228,000	300,000
Prepaid expenses	-	-	21,841
Property and equipment, net	-	1,736	-
Accounts payable	95,827	(251,893)	(323,214)
Balance, June 30, 2021, Audited Financial Statements	<u>\$ 49,682,667</u>	<u>\$ 31,890,278</u>	<u>\$ 14,520,055</u>

The Accelerated Schools
Combining Statement of Financial Position
Year Ended June 30, 2021

	<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	\$ 1,060,184	\$ 61,485	\$ 42,409	\$ 253,355	\$ -	\$ 1,417,433
Short-term investments	8,523,586	8,924,610	14,325,474	-	-	31,773,670
Accounts receivable	2,583,135	1,838,115	1,853,682	-	-	6,274,932
Intercompany receivable	2,090,275	71,455	-	-	(2,161,730)	-
Prepaid expenses	66,673	71,585	26,371	27,333	-	191,962
Total current assets	<u>14,323,853</u>	<u>10,967,250</u>	<u>16,247,936</u>	<u>280,688</u>	<u>(2,161,730)</u>	<u>39,657,997</u>
Non-current assets						
Property and equipment, net	<u>36,476,952</u>	<u>32,092,820</u>	<u>173,082</u>	<u>2,227</u>	<u>-</u>	<u>68,745,081</u>
Total assets	<u>\$ 50,800,805</u>	<u>\$ 43,060,070</u>	<u>\$ 16,421,018</u>	<u>\$ 282,915</u>	<u>\$ (2,161,730)</u>	<u>\$ 108,403,078</u>
Liabilities						
Current liabilities						
Accounts payable	\$ 724,929	\$ 438,979	\$ 425,404	\$ 136,433	\$ -	\$ 1,725,745
Accrued liabilities	-	-	1,618	-	-	1,618
Accrued compensated absences	122,264	86,212	57,745	146,482	-	412,703
Refundable advance	221,411	129,413	200,145	-	-	550,969
Intercompany payable	49,534	896,145	1,216,051	-	(2,161,730)	-
Current portion of notes payable	-	296,299	-	-	-	296,299
Total current liabilities	<u>1,118,138</u>	<u>1,847,048</u>	<u>1,900,963</u>	<u>282,915</u>	<u>(2,161,730)</u>	<u>2,987,334</u>
Long-term liabilities						
Notes payable, less current portion	<u>-</u>	<u>9,322,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,322,744</u>
Total liabilities	<u>1,118,138</u>	<u>11,169,792</u>	<u>1,900,963</u>	<u>282,915</u>	<u>(2,161,730)</u>	<u>12,310,078</u>
Net Assets						
Without donor restrictions	<u>49,682,667</u>	<u>31,890,278</u>	<u>14,520,055</u>	<u>-</u>	<u>-</u>	<u>96,093,000</u>
Total liabilities and net assets	<u>\$ 50,800,805</u>	<u>\$ 43,060,070</u>	<u>\$ 16,421,018</u>	<u>\$ 282,915</u>	<u>\$ (2,161,730)</u>	<u>\$ 108,403,078</u>

The Accelerated Schools
Combining Statement of Activities
Year Ended June 30, 2021

	<u>TAS</u>	<u>ACES</u>	<u>WAHS</u>	<u>Home Office</u>	<u>Elimination</u>	<u>Total</u>
	<u>Without donor Restrictions</u>	<u>Without donor Restrictions</u>	<u>Without donor Restrictions</u>	<u>Without donor Restrictions</u>	<u>Without donor Restrictions</u>	<u>Without donor Restrictions</u>
Support and revenues						
Local Control Funding Formula	\$ 7,782,204	\$ 5,200,318	\$ 6,066,012	\$ -	\$ -	\$ 19,048,534
Federal revenue	2,333,057	1,471,701	1,337,866	-	-	5,142,624
Other state revenue	1,302,475	750,478	763,009	-	-	2,815,962
Local revenues	496,510	307,844	325,861	2,470,189	(2,466,195)	1,134,209
Interest income	290,021	249,784	430,080	-	-	969,885
Net investment income	563,399	392,195	766,752	-	-	1,722,346
	<u>12,767,666</u>	<u>8,372,320</u>	<u>9,689,580</u>	<u>2,470,189</u>	<u>(2,466,195)</u>	<u>30,833,560</u>
Total support and revenues and losses						
Expenses						
Program services	11,235,175	6,291,694	6,718,764	2,143,728	-	26,389,361
Management and general	2,654,433	1,640,450	1,572,599	326,461	(2,466,195)	3,727,748
	<u>13,889,608</u>	<u>7,932,144</u>	<u>8,291,363</u>	<u>2,470,189</u>	<u>(2,466,195)</u>	<u>30,117,109</u>
Total expenses						
Change in Net Assets	<u>(1,121,942)</u>	<u>440,176</u>	<u>1,398,217</u>	<u>-</u>	<u>-</u>	<u>716,451</u>
Net Assets, Beginning of Year	<u>50,804,609</u>	<u>31,450,102</u>	<u>13,121,838</u>	<u>-</u>	<u>-</u>	<u>95,376,549</u>
Net Assets, End 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>

The Accelerated Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2021

	TAS			ACES		
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Subtotal Expenses
Salaries	\$ 4,598,097	\$ 943,999	\$ 5,542,096	\$ 2,359,029	\$ 480,863	\$ 2,839,892
Employee benefits	876,980	-	876,980	368,234	-	368,234
Payroll taxes	1,224,024	-	1,224,024	593,767	-	593,767
Fees for services	759,347	165,387	924,734	585,729	114,974	700,703
Advertising and promotions	-	-	-	-	-	-
Office expenses	-	58,035	58,035	-	18,350	18,350
Information technology	-	50,889	50,889	-	23,811	23,811
Occupancy	530,266	-	530,266	213,424	-	213,424
Travel	875	-	875	3,113	-	3,113
Interest	-	-	-	-	196,104	196,104
Depreciation	1,089,394	-	1,089,394	989,780	-	989,780
Insurance	-	48,792	48,792	-	47,755	47,755
Other expenses	6,800	286,073	292,873	2,381	(7,866)	(5,485)
Capital outlay	1,059,526	-	1,059,526	586,987	-	586,987
Special education	118,748	-	118,748	78,426	-	78,426
Instructional materials	434,393	-	434,393	161,015	-	161,015
Nutrition	536,725	-	536,725	349,809	-	349,809
District oversight fees	-	77,684	77,684	-	52,018	52,018
Management fees	-	1,023,574	1,023,574	-	714,441	714,441
Total functional expenses	\$ 11,235,175	\$ 2,654,433	\$ 13,889,608	\$ 6,291,694	\$ 1,640,450	\$ 7,932,144

The Accelerated Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2021

	WAHS			Home Office		
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Subtotal Expenses
Salaries	\$ 3,605,520	\$ 531,081	\$ 4,136,601	\$ 1,250,495	\$ -	\$ 1,250,495
Employee benefits	334,192	-	334,192	285,956	-	285,956
Payroll taxes	901,569	-	901,569	108,305	-	108,305
Fees for services	358,504	112,315	470,819	456,119	287,900	744,019
Advertising and promotions	-	-	-	-	855	855
Office expenses	-	23,951	23,951	-	6,379	6,379
Information technology	-	29,870	29,870	-	14,292	14,292
Occupancy	223,990	-	223,990	13,700	-	13,700
Travel	338	-	338	-	-	-
Interest	-	-	-	-	-	-
Depreciation	21,253	-	21,253	202	-	202
Insurance	-	46,920	46,920	-	-	-
Other expenses	9,168	39,886	49,054	2,708	17,035	19,743
Capital outlay	629,231	-	629,231	25,228	-	25,228
Special education	78,928	-	78,928	-	-	-
Instructional materials	205,270	-	205,270	1,015	-	1,015
Nutrition	350,801	-	350,801	-	-	-
District oversight fees	-	60,396	60,396	-	-	-
Management fees	-	728,180	728,180	-	-	-
Total functional expenses	\$ 6,718,764	\$ 1,572,599	\$ 8,291,363	\$ 2,143,728	\$ 326,461	\$ 2,470,189

The Accelerated Schools
Combining Statement of Functional Expenses
Year Ended June 30, 2021

	Elimination			Total		
	Program Services	Management and General	Subtotal Expenses	Program Services	Management and General	Total Expenses
Salaries	\$ -	\$ -	\$ -	\$ 11,813,141	\$ 1,955,943	\$ 13,769,084
Employee benefits	-	-	-	1,865,362	-	1,865,362
Payroll taxes	-	-	-	2,827,665	-	2,827,665
Fees for services	-	-	-	2,159,699	680,576	2,840,275
Advertising and promotions	-	-	-	-	855	855
Office expenses	-	-	-	-	106,715	106,715
Information technology	-	-	-	-	118,862	118,862
Occupancy	-	-	-	981,380	-	981,380
Travel	-	-	-	4,326	-	4,326
Interest	-	-	-	-	196,104	196,104
Depreciation	-	-	-	2,100,629	-	2,100,629
Insurance	-	-	-	-	143,467	143,467
Other expenses	-	-	-	21,057	335,128	356,185
Capital outlay	-	-	-	2,300,972	-	2,300,972
Special education	-	-	-	276,102	-	276,102
Instructional materials	-	-	-	801,693	-	801,693
Nutrition	-	-	-	1,237,335	-	1,237,335
District oversight fees	-	-	-	-	190,098	190,098
Management fees	-	(2,466,195)	(2,466,195)	-	-	-
Total functional expenses	\$ -	\$ (2,466,195)	\$ (2,466,195)	\$ 26,389,361	\$ 3,727,748	\$ 30,117,109

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, 2021, 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 Instructional Time

This schedule presents information on the number of instructional days offered on the traditional calendar and on any multitrack calendars by the Organization and whether the Organization complied with the provisions of *Education Code* section 47612.

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

Independent Auditor's Reports
June 30, 2021

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, 2021, and the related statement 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 _____, 2021.

Internal Control over Financial Reporting

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

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

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

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*.

We noted certain matters that we reported to management of The Accelerated Schools in a separate letter dated _____, 2021.

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
_____, 2021

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

Governing Board
The Accelerated Schools
Los Angeles, California

Report on Compliance for the Major Federal Program

We have audited The Accelerated Schools' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2021. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Rancho Cucamonga, California
_____, 2021

Independent Auditor’s Report on State Compliance

Governing Board
The Accelerated Schools
Los Angeles, California

Report on State Compliance

We have audited The Accelerated Schools’ (the Organization) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Organization’s compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the Organization’s compliance.

Compliance Requirements Tested

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS (EXCEPT AS STATED IN ATTENDANCE AND DISTANCE LEARNING AND INSTRUCTIONAL TIME)	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Instructional Time	Yes
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
Gann Limit Calculation	No, see below
School Accountability Report Card	No, see below
K-3 Grade Span Adjustment	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
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, See below

Programs listed above for “Local Education Agencies Other Than Charter Schools except as stated in Attendance and Distance Learning and Instructional Time” 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 an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Organization was not classified as nonclassroom-based.

We did not perform procedures for the Charter School Facility Grant Program because the Organization did not receive funding for this program.

Unmodified Opinion

In our opinion, The Accelerated Schools complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 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
_____, 2021

Schedule of Findings and Questioned Costs
June 30, 2021

The Accelerated Schools

FINANCIAL STATEMENTS

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	No
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:

Name of Federal Program or Cluster	Assistance Listing Number (ALN)
Covid-19 oronavirus Relief Fund	21.019
Title I, Part A	84.010
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

STATE COMPLIANCE

Type of auditor’s report issued on compliance for programs:	Unmodified
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None reported.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2020-001 30000 Year End Closing

Criteria or Specific Requirement

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

Condition

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

Cause

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

Effect

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

Recommendation

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

Current Status

Implemented