

ALTA PUBLIC SCHOOLS
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020

OPERATING:

Academia Moderna (#1101)
Prepa Tec - Los Angeles (#1542)
Prepa Tec Los Angeles High (#1789)



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**ALTA PUBLIC SCHOOLS
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YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Alta Public Schools
Walnut Park, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Alta Public Schools (the School), a California nonprofit public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to on page 1 present fairly, in all material respects, the financial position of the School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The consolidating information presented on the face of the consolidated statements of financial position, activities, and cash flows and the accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statement. 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 consolidated 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 consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 6, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 on the School'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 School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
January 6, 2021

ALTA PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	AMPT, LLC	PTMS, LLC	Eliminations	Consolidated
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 1,868,734	\$ 240,652	\$ 78,997	\$ 720,899	\$ -	\$ -	\$ -	\$ 2,909,282
Restricted Cash	-	-	-	-	829,388	13,885,735	-	14,715,123
Accounts Receivable	1,042,783	504,136	863,504	57,508	48,052	-	-	2,515,983
Intercompany Receivables	307,617	41,594	-	-	-	29,774	(378,985)	-
Deferred Lease Asset, Current	-	-	-	-	5,564	-	(5,564)	-
Prepaid Expenses and Other Assets	24,084	44,208	77,952	22,084	-	-	-	168,328
Total Current Assets	<u>3,243,218</u>	<u>830,590</u>	<u>1,020,453</u>	<u>800,491</u>	<u>883,004</u>	<u>13,915,509</u>	<u>(384,549)</u>	<u>20,308,716</u>
LONG-TERM ASSETS								
Deposits	7,500	58,301	-	23,100	-	-	-	88,901
Deferred Lease Asset	-	-	-	-	146,540	-	(146,540)	-
Property, Plant, and Equipment, Net	828,224	87,292	583,822	10,500	5,669,634	4,754,477	-	11,933,949
Total Long-Term Assets	<u>835,724</u>	<u>145,593</u>	<u>583,822</u>	<u>33,600</u>	<u>5,816,174</u>	<u>4,754,477</u>	<u>(146,540)</u>	<u>12,022,850</u>
Total Assets	<u>\$ 4,078,942</u>	<u>\$ 976,183</u>	<u>\$ 1,604,275</u>	<u>\$ 834,091</u>	<u>\$ 6,699,178</u>	<u>\$ 18,669,986</u>	<u>\$ (531,089)</u>	<u>\$ 32,331,566</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 677,669	\$ 199,777	\$ 1,156,922	\$ 944,292	\$ 77,768	\$ 1,297,174	\$ -	\$ 4,353,602
Intercompany Payables	-	-	248,477	52,354	-	78,154	(378,985)	-
Deferred Revenue	5,564	50,557	64,118	-	-	-	(5,564)	114,675
Deferred Lease Liability, Current	146,540	-	-	-	-	-	(146,540)	-
Revolving Loan, Current Portion	-	50,000	50,000	-	-	-	-	100,000
Notes Payable, Current Portion	182,649	181,335	181,237	124,111	-	-	-	669,332
Bonds Payable, Current Portion	-	-	-	-	110,000	-	-	110,000
Total Current Liabilities	<u>1,012,422</u>	<u>481,669</u>	<u>1,700,754</u>	<u>1,120,757</u>	<u>187,768</u>	<u>1,375,328</u>	<u>(531,089)</u>	<u>5,347,609</u>
LONG-TERM LIABILITIES								
Deferred Lease Liability	123,194	-	-	49,608	-	-	-	172,802
Revolving Loan	-	-	100,000	-	-	-	-	100,000
Notes Payable	228,312	226,669	226,547	292,639	-	-	-	974,167
Bonds Payable	-	-	-	-	6,547,060	17,785,476	-	24,332,536
Total Long-Term Liabilities	<u>351,506</u>	<u>226,669</u>	<u>326,547</u>	<u>342,247</u>	<u>6,547,060</u>	<u>17,785,476</u>	<u>-</u>	<u>25,579,505</u>
Total Liabilities	<u>1,363,928</u>	<u>708,338</u>	<u>2,027,301</u>	<u>1,463,004</u>	<u>6,734,828</u>	<u>19,160,804</u>	<u>(531,089)</u>	<u>30,927,114</u>
NET ASSETS								
Net Assets Without Donor Restriction	2,715,014	267,845	(423,026)	(628,913)	(35,650)	(490,818)	-	1,404,452
Total Net Assets	<u>2,715,014</u>	<u>267,845</u>	<u>(423,026)</u>	<u>(628,913)</u>	<u>(35,650)</u>	<u>(490,818)</u>	<u>-</u>	<u>1,404,452</u>
Total Liabilities and Net Assets	<u>\$ 4,078,942</u>	<u>\$ 976,183</u>	<u>\$ 1,604,275</u>	<u>\$ 834,091</u>	<u>\$ 6,699,178</u>	<u>\$ 18,669,986</u>	<u>\$ (531,089)</u>	<u>\$ 32,331,566</u>

See accompanying Notes to Consolidated Financial Statements.

**ALTA PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	AMPT, LLC	PTMS, LLC	Eliminations	Consolidated
REVENUES, WITHOUT DONOR RESTRICTION								
State Revenue:								
State Apportionment	\$ 3,673,516	\$ 2,490,550	\$ 4,035,004	\$ -	\$ -	\$ -	\$ -	\$ 10,199,070
Other State Revenue	933,126	519,471	551,599	-	-	-	-	2,004,196
Federal Revenue:								
Grants and Entitlements	867,545	526,885	530,307	-	-	-	-	1,924,737
Local Revenue:								
In-Lieu Property Tax Revenue	1,308,672	951,618	-	-	-	-	-	2,260,290
Contributions	9,746	25,105	1,000	-	-	-	-	35,851
Other Revenue	8,510	8,399	22,998	2,772,425	598,817	11,786	(3,344,101)	78,834
Total Revenues	<u>6,801,115</u>	<u>4,522,028</u>	<u>5,140,908</u>	<u>2,772,425</u>	<u>598,817</u>	<u>11,786</u>	<u>(3,344,101)</u>	<u>16,502,978</u>
EXPENSES								
Program Services Expense:	6,045,115	4,560,920	4,612,871	656,630	9,746	-	(2,770,915)	13,114,367
Management and General	159,806	65,820	461,271	1,839,559	563,844	502,604	(573,186)	3,019,718
Total Expenses	<u>6,204,921</u>	<u>4,626,740</u>	<u>5,074,142</u>	<u>2,496,189</u>	<u>573,590</u>	<u>502,604</u>	<u>(3,344,101)</u>	<u>16,134,085</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	596,194	(104,712)	66,766	276,236	25,227	(490,818)	-	368,893
Net Assets Without Donor Restriction, Beginning of Year	<u>2,118,820</u>	<u>372,557</u>	<u>(489,792)</u>	<u>(905,149)</u>	<u>(60,877)</u>	<u>-</u>	<u>-</u>	<u>1,035,559</u>
NET ASSETS WITHOUT DONOR RESTRICTION, END OF YEAR	<u>\$ 2,715,014</u>	<u>\$ 267,845</u>	<u>\$ (423,026)</u>	<u>\$ (628,913)</u>	<u>\$ (35,650)</u>	<u>\$ (490,818)</u>	<u>\$ -</u>	<u>\$ 1,404,452</u>

See accompanying Notes to Consolidated Financial Statements.

ALTA PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	AMPT, LLC	PTMS, LLC	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in Net Assets	\$ 596,194	\$ (104,712)	\$ 66,766	\$ 276,236	\$ 25,227	\$ (490,818)	\$ -	\$ 368,893
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	77,869	5,254	409,560	2,850	70,198	-	-	565,731
Amortization	-	-	-	-	73,157	-	-	73,157
Transfer of Assets	-	1,701,362	-	-	-	(1,701,362)	-	-
(Increase) Decrease in Assets:								
Accounts Receivable	(382,059)	229,783	(450,956)	33,320	(48,052)	-	-	(617,964)
Intercompany Receivables	452,701	97,925	-	-	-	(29,774)	(520,852)	-
Prepaid Expenses and Other Assets	(24,084)	(44,208)	(73,972)	(5,015)	-	-	-	(147,279)
Deposits	9,065	-	68,200	-	-	-	-	77,265
Deferred Rent Asset	-	-	-	-	3,883	-	(3,883)	-
Increase (Decrease) in Liabilities:								
Accounts Payable and Accrued Liabilities	318,599	(873,241)	789,774	(18,093)	(990)	1,297,174	-	1,513,223
Intercompany Payables	-	-	(599,320)	314	-	78,154	520,852	-
Deferred Rent Liability	113,747	-	-	14,791	-	-	3,883	132,421
Deferred Revenue	(9,100)	50,557	21,007	-	-	-	-	62,464
Net Cash Provided (Used) by Operating Activities	<u>1,152,932</u>	<u>1,062,720</u>	<u>231,059</u>	<u>304,403</u>	<u>123,423</u>	<u>(846,626)</u>	<u>-</u>	<u>2,027,911</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of Property, Plant, and Equipment	(113,564)	(28,706)	(91,466)	(6,750)	-	(3,053,115)	-	(3,293,601)
Net Cash Used by Investing Activities	<u>(113,564)</u>	<u>(28,706)</u>	<u>(91,466)</u>	<u>(6,750)</u>	<u>-</u>	<u>(3,053,115)</u>	<u>-</u>	<u>(3,293,601)</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from Debt	410,961	408,004	407,784	416,750	-	17,785,476	-	19,428,975
Repayments of Debt	-	(1,360,000)	(564,000)	-	(153,582)	-	-	(2,077,582)
Net Cash Provided (Used) by Financing Activities	<u>410,961</u>	<u>(951,996)</u>	<u>(156,216)</u>	<u>416,750</u>	<u>(153,582)</u>	<u>17,785,476</u>	<u>-</u>	<u>17,351,393</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,450,329</u>	<u>82,018</u>	<u>(16,623)</u>	<u>714,403</u>	<u>(30,159)</u>	<u>13,885,735</u>	<u>-</u>	<u>16,085,703</u>
Cash and Cash Equivalents - Beginning of Year	418,405	158,634	95,620	6,496	859,547	-	-	1,538,702
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,868,734</u>	<u>\$ 240,652</u>	<u>\$ 78,997</u>	<u>\$ 720,899</u>	<u>\$ 829,388</u>	<u>\$ 13,885,735</u>	<u>\$ -</u>	<u>\$ 17,624,405</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	<u>\$ 856</u>	<u>\$ 89,562</u>	<u>\$ 59,555</u>	<u>\$ 535</u>	<u>\$ 420,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,998</u>

See accompanying Notes to Consolidated Financial Statements.

ALTA PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Eliminations</u>	<u>Total</u>
Salaries and Wages	\$ 5,981,427	\$ 1,272,978	\$ -	\$ 7,254,405
Pension Expense	955,447	158,887	-	1,114,334
Other Employee Benefits	552,412	67,755	-	620,167
Payroll Taxes	182,481	81,946	-	264,427
Legal Expenses	-	104,617	-	104,617
Accounting Expenses	17,230	-	-	17,230
Instructional Materials	179,349	-	-	179,349
Other Fees for Services	4,247,801	149,377	(2,770,915)	1,626,263
Advertising and Promotion Expenses	945	-	-	945
Office Expenses	211,149	-	-	211,149
Information Technology Expenses	338,216	-	-	338,216
Occupancy Expenses	1,842,041	176,122	(573,186)	1,444,977
Travel Expenses	120,954	-	-	120,954
Interest Expense	150,508	493,647	-	644,155
Depreciation Expense	-	1,068,334	-	1,068,334
Insurance Expense	72,957	19,241	-	92,198
Other Expenses	1,032,365	-	-	1,032,365
Subtotal	15,885,282	3,592,904	(3,344,101)	16,134,085
Eliminations	(2,770,915)	(573,186)	3,344,101	-
Total Expenses by Function	<u>\$ 13,114,367</u>	<u>\$ 3,019,718</u>	<u>\$ -</u>	<u>\$ 16,134,085</u>

See accompanying Notes to Consolidated Financial Statements.

ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Alta Public Schools (the School) is a non-profit public benefit corporation that operates three charter schools. The charter schools were petitioned through Los Angeles Unified School District and have been approved by the State of California Department of Education. The School is funded principally through the State of California public education monies received through the California Department of Education.

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

Basis of Accounting

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

Basis of Presentation

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

Principles of Consolidation

The consolidating financial statements include the accounts of AMPT, LLC which was formed to provide assistance with funding capital improvement on behalf of Alta Public Schools. Alta Public Schools is the single member of AMPT, LLC. These entities are together referred to as the School. All material intercompany transactions have been eliminated.

Use of Estimates

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

Functional Allocation of Expenses

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

Cash and Cash Equivalents

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

ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash

The School has certain debt reserve cash and cash equivalents that are not considered part of cash and cash equivalents. At June 30, 2020, cash held for bond reserves was reported at restricted cash.

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed 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 (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Accounts Receivable

Accounts receivable primarily represents amounts due from federal and state governments as of June 30, 2020. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

Intercompany Receivable/Payable

Intercompany receivable/payable results from a net cumulative difference between resources provided by the School to each individual charter school and reimbursement for those resources from each individual charter school to the School.

Prepaid Expenses

Prepaid expenses represent amounts paid in advance of receiving goods or services. The School has the option of reporting an expense for prepaid items either when purchased or during the benefiting period. The School has chosen to report the expenditures during the benefit period.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment

It is the School's policy to capitalize individual property and equipment purchases over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restriction unless the donor has restricted the donated asset to a specific purpose. Furniture and equipment are depreciated using the straight-line method, over three to five years.

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restriction, if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restriction.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give as contributions without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2020, the School has received conditional grants of \$114,675 that are recognized as deferred revenue in the statement of financial position because conditions have not yet been met.

ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the School. The current portion of the liability, if material, is recognized at year-end. The entire compensated absences liability is reported on the statement of financial position. Employees of the School are paid for days or hours worked based upon Board approved schedules which include vacation. Sick leave is accumulated without limit for each employee at the equivalent rate of one day for each full month of service. Sick leave with pay is provided when employees are absent for health reasons.

Allocations Between Charter Schools

For the year ended June 30, 2020, the School has chosen to identify each charter school separately within the basic financial statements. In cases where specific identification of each charter's activities was not possible, items were allocated according to Average Daily Attendance (ADA).

Income Taxes

The School is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files and exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers (Topic 606)*. The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. The School has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The School has implemented ASU 2018-08 under the modified prospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

Evaluation of Subsequent Events

The School has evaluated subsequent events through January 6, 2021, the date these consolidated financial statements were available to be issued.

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. Financial assets available for general expenditures comprise cash and cash equivalents and accounts receivable for the total amount of \$5,425,265.

As part of the School's liquidity management plan, the School invest cash in excess of daily requirements in short term investments, CDs, and money market funds.

NOTE 3 CONCENTRATION OF CREDIT RISK

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

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment in the accompanying consolidated financial statements are presented net of accumulated depreciation. Depreciation expense was \$565,730 for the year ended June 30, 2020.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

The components of property, plant, and equipment as of June 30, 2020 are as follows:

	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	AMPT, LLC	PTMS, LLC	Total
Land	\$ -	\$ -	\$ -	\$ -	\$ 2,850,000	\$ 476,335	\$ 3,326,335
Construction in Progress	31,063	60,728	69,490	-	-	4,278,142	4,439,423
Building and Improvements	1,119,266	80,054	1,541,946	-	3,158,926	-	5,900,192
Furniture, Fixtures, and Equipment	117,408	17,015	78,609	18,750	-	-	231,782
Total	<u>1,267,737</u>	<u>157,797</u>	<u>1,690,045</u>	<u>18,750</u>	<u>6,008,926</u>	<u>4,754,477</u>	<u>9,143,255</u>
Less: Accumulated Depreciation	(439,513)	(70,505)	(1,106,223)	(8,250)	(339,292)	-	(1,963,783)
Total Property, Plant, and Equipment	<u>\$ 828,224</u>	<u>\$ 87,292</u>	<u>\$ 583,822</u>	<u>\$ 10,500</u>	<u>\$ 5,669,634</u>	<u>\$ 4,754,477</u>	<u>\$ 11,933,949</u>

NOTE 5 LINE OF CREDIT

The School has two lines of credit with Umpqua Bank for \$1,500,000 and \$600,000 with a current maturity date of December 27, 2019. Interest charged on the principal balance is equal to the greater of the Prime Rate or three and one-half percent at June 30, 2020, with increases or decreases in the Interest Rate occurring at the time of any such corresponding increases or decreases in the Prime Rate. As of June 30, 2020, there was not an outstanding balance.

NOTE 6 LONG-TERM DEBT

California School Finance Authority (CSFA) School Facility Revenue Bonds

In June 2014, the CSFA issued \$7,600,000 in School Facilities Revenues, Series 2014A, and Series 2014B for the purpose of a loan to AMPT, LLC. The proceeds from the bonds will be used for the purpose of purchase, renovations, and improvement of charter school facilities. The bonds mature in November 2045 and carry an interest rate of 6.5%. At June 30, 2020, the principal balance outstanding was \$7,065,000.

In June 2020, the CSFA issued \$19,320,000 in School Facilities Revenues, Series 2020A, and Series 2020B for the purpose of a loan to PTMS, LLC. The proceeds from the bonds will be used for the purpose of purchase, renovations, and improvement of charter school facilities. The bonds mature in June 2059 and carry an interest rate of 6.0%. At June 30, 2020, the principal balance outstanding was \$19,320,000.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 LONG-TERM DEBT (CONTINUED)

**California School Finance Authority (CSFA) School Facility Revenue Bonds
(Continued)**

The bonds mature through 2059 as follows:

<u>Year Ending June 30,</u>	<u>2014 Issue</u>	<u>2020 Issue</u>	<u>Total</u>
2021	\$ 110,000	\$ -	\$ 110,000
2022	120,000	-	120,000
2023	130,000	-	130,000
2024	135,000	165,000	300,000
2025	145,000	170,000	315,000
Thereafter	<u>6,425,000</u>	<u>18,985,000</u>	<u>25,410,000</u>
Total Future Maturities	7,065,000	19,320,000	26,385,000
Bond Discount	(30,060)	(552,434)	(582,494)
Unamortized Issue Costs	<u>(377,880)</u>	<u>(982,090)</u>	<u>(1,359,970)</u>
Total Bonds Payable	<u>\$ 6,657,060</u>	<u>\$ 17,785,476</u>	<u>\$ 24,442,536</u>

CSFA School Facility Revenue Bonds Discount on Issuance

The CSFA School Facilities Revenue Bonds, Series 2014B were issued at discounts of \$37,278. The discount will be amortized financial statements over the life of the debt issues. The remaining unamortized discounts for the CSFA School Facility Revenue bonds total \$30,060 at June 30, 2020.

The CSFA School Facilities Revenue Bonds, Series 2020A and 2020B were issued at discounts of \$127,085 and 442,855, respectively. The discount will be amortized financial statements over the life of the debt issues. The remaining unamortized discounts for the CSFA School Facility Revenue bonds total \$552,434 at June 30, 2020.

CSFA School Facility Revenue Bonds Cost of Issuance

The CSFA School Facilities Revenue Bonds, Series 2014A and 2014B were issued with costs of \$142,800 and \$371,617, respectively. The cost of issuance will be amortized over the life of the debt issues. The remaining unamortized issuance costs for the CSFA School Facility Revenue bonds total \$377,880 at June 30, 2020.

The CSFA School Facilities Revenue Bonds, Series 2020A and 2020B were issued with costs of \$227,541 and \$785,627, respectively. The cost of issuance will be amortized over the life of the debt issues. The remaining unamortized issuance costs for the CSFA School Facility Revenue bonds total \$982,090 at June 30, 2020.

Revolving Loans Payable

The School received two unsecured revolving loans payable to the California Department of Education in the amount of \$250,000 each. The loans balance as of June 30, 2020, was \$200,000. The loans have an interest rate of 0.53 percent and mature in five years. The State Controller's Office deducts the loan payments from the Charter School's State School Fund Apportionments.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Payroll Protection Program Loans

On June 15, 2020 the School received a loan from Umpqua Bank in the amount of \$1,483,500 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the “PPP Loan”). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within ten months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in June 2021 principal and interest payments will be required through the maturity date in June 2022.

U.S. Small Business Administration Loan

In June 2020, the U.S. Small Business Administration issued a loan of \$150,000. The proceeds from the bonds will be used for the purpose of purchase, renovations, and improvement of charter school facilities. The loan matures in June 2050 and carry an interest rate of 2.75%. At June 30, 2020, the principal balance outstanding was \$150,000.

Future payments for all loans are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 769,332
2022	877,780
2023	53,713
2024	3,816
2025	3,923
Thereafter	134,935
Total	<u>\$ 1,843,499</u>

NOTE 7 OPERATING LEASES

Academia Moderna has a lease with AMPT, LLC for a facility which expires in August 2032 and has three options to extend an additional five years each. Lease expense associated with this lease is recognized on a straight-line basis over the life of the lease and amounted to \$573,186 for the year ended June 30, 2020. The cumulative difference between the lease expense recorded and the lease payments made is reported as a deferred lease liability for Academia Moderna and a deferred lease asset for AMPT, LLC on the consolidating statement of financial position and amounted to \$152,104 as of June 30, 2020, this was eliminated on the consolidated statement of financial position.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 OPERATING LEASES (CONTINUED)

Future minimum lease payments are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2021	\$ 578,512
2022	581,279
2023	580,538
2024	581,204
2025	577,069
Thereafter	11,771,846
Total	<u>\$ 14,670,448</u>

Alta Public Schools (home office), Academia Moderna, and Prepa Tec also leased facilities from unrelated third parties under several lease agreements where the last lease expires in September 2028. Lease expense under these lease agreements for the year ended June 30, 2020 was \$1,016,462.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Academia Moderna</u>	<u>Prepa Tec</u>	<u>Prepa Tec High</u>	<u>Alta Public Schools</u>	<u>Total</u>
2021	\$ 99,816	\$ 203,445	\$ 363,408	\$ 121,112	\$ 787,781
2022	50,646	209,548	374,310	149,256	783,760
2023	-	215,835	385,540	153,738	755,113
2024	-	18,030	397,106	158,352	573,488
2025	-	-	409,019	163,104	572,123
Thereafter	-	-	2,236,683	609,702	2,846,385
Total	<u>\$ 150,462</u>	<u>\$ 646,858</u>	<u>\$ 4,166,066</u>	<u>\$ 1,355,264</u>	<u>\$ 6,318,650</u>

NOTE 8 EMPLOYEE RETIREMENT

Multi-Employer Defined Benefit Pension Plans

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

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

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS.

The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2019, total plan net assets are \$273 billion, the total actuarial present value of accumulated plan benefits is \$392 billion, contributions from all employers totaled \$5.6 billion, and the plan is 66% funded. The School did not contribute more than 5% of the total contributions to the plan.

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

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year for the next seven years, up to 19.10% in 2020–21. The required employer contribution rate for the year ended June 30, 2020 was 18.13% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

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

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2018	\$ 586,832	100 %
2019	601,918	100 %
2020	819,028	100 %

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 EMPLOYEE RETIREMENT (CONTINUED)

Public Employee's Retirement System (PERS)

Plan Description

The Organization contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State Statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Actuarial Valuation Report for the year ended June 30, 2019, the School Employer Pool total plan assets are \$68 billion, the total pension liability is \$97 billion, contributions from all employers totaled \$2.5 billion, and the plan is 70% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members brought into PERS membership prior to January 1, 2013 are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 6.5% of their salary. The Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2020 was 19.721%. The contribution requirements of the plan members are established and may be amended by state statute.

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

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2018	\$ 327,353	100 %
2019	308,954	100 %
2020	269,510	100 %

NOTE 9 RELATED ORGANIZATION

Alta Public Schools Foundation (the Foundation) is a supporting organization to the School. During the year ended June 30, 2020, there were no activities or account balances held by the Foundation.

NOTE 10 CONTINGENCIES, RISKS, AND UNCERTAINTIES

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

ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 CONTINGENCIES, RISKS, AND UNCERTAINTIES (CONTINUED)

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 11 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes, other fees for services, insurance, occupancy, and interest expense, which are allocated on the basis of estimates of time and effort.

SUPPLEMENTARY INFORMATION

**ALTA PUBLIC SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2020**

Academia Moderna

Charter school number authorized by the State: 1101

Academia Moderna is located on 2410 Broadway, Walnut Park, California 90255, petitioned through Los Angeles Unified School District. The charter school opened in September 21, 2009.

Prepa Tec

Charter school number authorized by the State: 1542

Prepa Tec is located on 2665 Clarendon Avenue, Huntington Park, California 90255, petitioned through Los Angeles Unified School District. The charter school opened in August 20, 2013.

Prepa Tec High

Charter school number authorized by the State: 1789

Prepa Tec High is located on 4210 E. Gage Avenue, Huntington Park, CA 90255, petitioned through State Board of Education. The charter school opened in August 16, 2017.

**ALTA PUBLIC SCHOOLS
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE (CONTINUED)
 YEAR ENDED JUNE 30, 2020**

The board of directors and the administrators as of the year ended June 30, 2020 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires (Term Length)</u>
Gregory Tanner	Board Chair	August 2021 (3 Years)
Mary Porras	Board Secretary	August 2021 (3 Years)
Dustin Bainbridge	Treasurer	January 2022 (3 Years)
Jesse Pelayo	Member	January 2020 (3 Years)
Raul Carranza	Member	October 2021 (3 Years)
Azucena Chavarria	Member	January 2022 (3 Years)

ADMINISTRATORS

Xavier Reyes	Founder and Chief Executive Director
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**ALTA PUBLIC SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020**

	Instructional Minutes		Credited Minutes	Total Actual Plus	Traditional	Credited Days	Total Actual Plus	Status
	Requirement	Actual	COVID-19 School Closure	Credited	Instructional Days	COVID-19 School Closure	Credited Days	
Academia Moderna								
Kindergarten	36,000	39,180	18,240	57,420	124	58	182	In Compliance
Grade 1	50,400	37,755	17,595	55,350	124	58	182	In Compliance
Grade 2	50,400	37,755	17,595	55,350	124	58	182	In Compliance
Grade 3	50,400	39,180	18,240	57,420	124	58	182	In Compliance
Grade 4	54,000	41,040	19,110	60,150	124	58	182	In Compliance
Grade 5	54,000	41,040	19,110	60,150	124	58	182	In Compliance
Prepa Tec								
Grade 6	54,000	45,500	21,110	66,610	124	58	182	In Compliance
Grade 7	54,000	45,500	21,110	66,610	124	58	182	In Compliance
Grade 8	54,000	45,500	21,110	66,610	124	58	182	In Compliance
Prepa Tec High								
Grade 9	64,800	45,500	21,110	66,610	124	58	182	In Compliance
Grade 10	64,800	45,500	21,110	66,610	124	58	182	In Compliance
Grade 11	64,800	45,500	21,110	66,610	124	58	182	In Compliance
Grade 12	64,800	45,500	21,110	66,610	124	58	182	In Compliance

See Auditors' Report and Notes to Supplementary Information.

**ALTA PUBLIC SCHOOLS
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2020**

	Second Period Report	
	Classroom Based	Total
Academia Moderna		
Grades TK-3	301.70	301.70
Grades 4-5	146.04	146.04
ADA Totals	447.74	447.74
Prepa Tec		
Grade 6	100.23	100.23
Grades 7-8	225.35	225.35
ADA Totals	325.58	325.58
Prepa Tec High		
Grades 9-11	317.30	317.30
ADA Totals	317.30	317.30
	Annual Report	
	Classroom Based	Total
Academia Moderna		
Grades TK-3	301.70	301.70
Grades 4-5	146.04	146.04
ADA Totals	447.74	447.74
Prepa Tec		
Grade 6	100.23	100.23
Grades 7-8	225.35	225.35
ADA Totals	325.58	325.58
Prepa Tec High		
Grades 9-11	317.30	317.30
ADA Totals	317.30	317.30

See Auditors' Report and Notes to Supplementary Information.

ALTA PUBLIC SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

	<u>Academia Moderna</u>	<u>Prepa Tec</u>	<u>Prepa Tec High</u>
June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$ 2,670,726	\$ 240,268	\$ (485,719)
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets)			
Cash and Cash Equivalents			
Accounts Receivable - Federal and State			
Accounts Receivable	(356,478)	33,188	76,407
Accounts Payable and Accrued Liabilities	377,904	(9,704)	(13,714)
Deferred Rent Liability	(117,630)	-	-
Deferred Revenue	140,492	4,093	-
Net Adjustments and Reclassifications	<u>44,288</u>	<u>27,577</u>	<u>62,693</u>
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,715,014</u>	<u>\$ 267,845</u>	<u>\$ (423,026)</u>

See Auditors' Report and Notes to Supplementary Information.

**ALTA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Academia Moderna	Prepa Tec	Prepa Tec High	Total
U.S. Department of Education						
Pass-Through Program from California Department of Education:						
Every Student Succeeds Act						
Title I, Part A, Basic Grants:						
Low-Income and Neglected	84.010	14329	\$ 205,121	\$ 183,282	\$ 95,914	\$ 484,317
Title II, Part A, Teacher Quality	84.367	14341	22,841	8,302	13,443	44,586
Title III, Immigrant Education	84.365	15146	8,041	-	-	8,041
Title III, Limited English Proficient (LEP)	84.365	14346	11,886	-	-	11,886
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	15,302	10,880	10,000	36,182
Title V, Part B, Public Charter School 21st Century Community Learning Centers	84.287	15396	108,378	102,328	154,922	365,628
Charter School Program Cluster	84.282M	14941	-	-	155,331	155,331
Special Education Cluster:						
Special Education - IDEA	84.027	13379	92,024	66,884	38,329	197,237
Total Special Education Cluster			92,024	66,884	38,329	197,237
<i>Total U.S Department of Education</i>			463,593	371,676	467,939	1,303,208
U.S. Department of Agriculture						
Pass-Through Program From California Department of Education:						
Child Nutrition Cluster	10.555	N/A	403,952	155,209	62,368	621,529
<i>Total U.S Department of Agriculture</i>			403,952	155,209	62,368	621,529
Total Federal Expenditures			<u>\$ 867,545</u>	<u>\$ 526,885</u>	<u>\$ 530,307</u>	<u>\$ 1,924,737</u>

N/A - Pass-through entity number not readily available or not applicable.

See Auditors' Report and Notes to Supplementary Information.

ALTA PUBLIC SCHOOLS
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

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

NOTE 2 SCHEDULE OF AVERAGE DAILY ATTENDANCE

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

NOTE 3 RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

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

NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the School under programs of the federal governmental for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

NOTE 5 INDIRECT COST RATE

The School has elected to use a rate other than the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Alta Public Schools
Walnut Park, 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 of America, the consolidated financial statements of Alta Public Schools (the School), a nonprofit California public benefit corporation, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the financial statements, and have issued our report thereon dated January 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
January 6, 2021



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDE

Board of Directors
Alta Public Schools
Walnut Park, California

Report on Compliance for Each Major Federal Program

We have audited the compliance of Alta Public Schools (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

The School's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs corrective action plan. The School'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

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with 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 School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility, that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, 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 and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

The School's response to the finding identified in or audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Board of Directors
Alta Public Schools

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Glendora, California
January 6, 2021



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
Alta Public Schools
Walnut Park, California

We have audited Alta Public Schools's (the School) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2020. The School's state compliance requirements are identified in the table below.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the School's compliance based on our audit of the types of compliance requirements referred to below. 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 of America, and the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the School's compliance.

Compliance Requirements Tested

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

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes

<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instructional/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Yes
Charter School Facility Grant Program	Yes

Opinion on State Compliance

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and are described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each state program is not modified with respect to these matters.

The School’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School’s response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Purpose of this Report

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



CliftonLarsonAllen LLP

Glendora, California
January 6, 2021

**ALTA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)

10.555
84.027

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education IDEA

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes x no

**ALTA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results (Continued)

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

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
43000	Apprenticeship
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

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III Findings and Questioned Costs – Major Federal Programs

2020-001 Child Nutrition Cluster 50000

**Academic Moderna #1101
Prepa Tec High #1789**

Federal Agency: U.S. Department of Agriculture
 Federal Program Title: Child Nutrition Cluster
 CFDA Number: 10.555
 Pass-Through Agency: California Department of Education
 Pass-Through Number(s): N/A
 Award Period: July 1, 2019 – June 30, 2020
 Type of Finding:

- Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or Specific Requirement:

7 CFR section 245.3 requires that students are classified as Free, Reduced or Paid based on the household income eligibility requirements set by the California Department of Education.

**ALTA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section III Findings and Questioned Costs – Major Federal Programs (Continued)

2020-001 Child Nutrition Cluster (Continued) 50000

Condition/Context:

During testing we compared students' family income per Free and Reduced Price Meal (FRPM) eligibility applications to the Income Eligibility Scales for 2019-20, and found that the School inaccurately reported students as eligible for free or reduced price meals as follows: Academia Moderna reported free price meals for 6 out of 26 students sampled and Prepa Tec High reported reduced price meals for 6 out of 31 students sampled who did not qualify.

Questioned Costs:

The known questioned costs were \$2,049 for Academia Moderna and \$738 for Prepa Tec High. Utilizing an error rate in line with the discrepancies noted above, the following questioned costs were calculated: Academia Moderna \$78,184 and Prepa Tec High \$14,393 totaling \$92,577.

Cause:

Students were misidentified in the Student Information System and this was not captured during the review process.

Effect:

The School is not compliance with 7 CFR section 6 income eligibility requirements.

Identification of Repeat Finding: Yes, 2019-001

Recommendation:

We recommend that the School perform a full file review over eligibility and counts claimed for reimbursements to determine the actual discrepancies and work with its oversight agency to determine next steps.

Views of Responsible Officials and Corrective Action Plan:

The 2019-2020 audit findings for the Child Nutrition Program and Unduplicated Local Control Funding Formula Pupil Counts stem from the same issue--inaccurate student eligibility reporting--and thus, this corrective action plan will serve to solve both findings.

**ALTA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section III Findings and Questioned Costs – Major Federal Programs (Continued)

2020-001 Child Nutrition Cluster (Continued) 50000

Views of Responsible Officials and Corrective Action Plan (Continued):

Having several students identified with an incorrect eligibility determination is based on human error when entering the students' eligibility into the SIS system. The procedure for student eligibility for the 2018-2019 and 2019-2020 school years required the school meal clerks to manually enter the students' eligibility into the SIS system. This allowed for data entry mistakes. Secondly, when students were chosen for income verification, if the parent did not return the information requested, the status was changed to "Paid" in the POS system, but the change was not followed through in the SIS system. Primarily, these mistakes were due to a lack of an experienced meal program director to oversee the data input, confirm its accuracy and follow through on updates with the data team. Although the organization was notified of this discrepancy back in December of 2019 during the audit process, the meal application and eligibility process had already occurred, and the data had already been reported.

The leadership of the organization recognized the need for an experienced director after the 2018-2019 audit and they hired a meal program director with nine years of experience in running compliant meal programs. Most importantly, the organization has made changes in the procedures for determining student meal eligibility. Meal clerks are no longer asked to manually input student eligibility information in the SIS system removing the chance for human error. A new POS program, Meals Plus, was purchased for the 2020-2021 school year that integrates seamlessly with Powerschool, and thus, the data from the SIS and POS system matches. Furthermore, the new director is conducting periodic audits of the meal applications and comparing the SIS student eligibility list with the POS eligibility list to ensure accurate data before submitting that information to CalPads.

Based on the changes described above, we believe that the Meal Program and Unduplicated LCFF Pupil Count audit findings will not be present for the 2020-2021 school year and beyond.

Section IV Findings and Questioned Costs – State Compliance

2020-002 Unduplicated Local Control Funding Formula Pupil Counts 40000

**Academic Moderna #1101
Prepa Tec High #1789**

Criteria:

Education code section 42238.02 (b)(2) requires a charter school to submit its enrolled free and reduced-price meal eligibility, foster youth and English learner pupil-level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS 1.17 and 1.18 reports should accurately report the number of students eligible for free and reduced price meals and those identified as "English Learners".

**ALTA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section IV Findings and Questioned Costs – State Compliance (Continued)

2020-002 Unduplicated Local Control Funding Formula Pupil Counts (Continued) 40000

Condition:

During testing we compared students’ family income per Free and Reduced Price Meal (FRPM) eligibility applications to the Income Eligibility Scales for 2019-20, and found that the School inaccurately reported students as eligible for free or reduced price meals. For Academia Moderna 6 out of the 26 sampled students contained an error and for Prepa Tec High 6 out of the 31 sampled students contained errors. An error rate was applied to calculate the questioned costs below.

Effect:

The School is not in compliance with Education code section 42238.02 (b)(2). The 1.17 and 1.18 reports contained errors as follows:

Charter School Audit Adjustments to CALPADS Data - Alta Public Schools for June 30, 2020

School Name	CDS Code	Original		Updated		Net Change		LCFF Entitlement		
		Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Enrollment Count	Unduplicated Pupil Count	Original Entitlement	Revised Entitlement	Adjustment
Academia Moderna	0120097	479	474	479	451	---	-23	3,304,444	3,293,147	(11,297)
Prepa Tec High School	0133900	340	308	340	287	---	-21	3,971,941	3,928,753	(43,188)

Cause:

Employees entering eligibility data in the student information system and CALPADS did not fully understand the eligibility requirements.

Questioned Costs & Units:

After an error rate was applied a total of 44 students were included in the CALPADS report as eligible for free or reduced meals which were not eligible. The total impact on LCFF Entitlement is a decrease of \$54,485.

Repeat Finding: Yes

Recommendation:

We recommend that the School employ additional monitoring processes to review the Free and Reduced Price Meal (FRPM) eligibility data to ensure that reporting errors are minimized and corrections are made on a timely basis.

Corrective Action Plan:

Management has implemented procedures to ensure CALPADS compliance requirements will be met.

**ALTA PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

Findings – Major Federal Programs

2019-001 Child Nutrition Cluster **50000**

Academic Moderna #1101

Prepa Tec #1542

Prepa Tec High #1789

Federal Agency: U.S. Department of Agriculture

Federal Program Title: Child Nutrition Cluster

CFDA Number: 10.555

Pass-Through Agency: California Department of Education

Pass-Through Number(s): N/A

Award Period: July 1, 2018 – June 30, 2019

Type of Finding:

- Significant Deficiency in Internal Control Over Compliance, Other Matters

Condition/Context:

During testing we compared students' family income per Free and Reduced Price Meal (FRPM) eligibility applications to the Income Eligibility Scales for 2018-19, and found that the School inaccurately reported students as eligible for free or reduced price meals as follows: Academia Moderna reported free price meals for 1 out of 9 students sampled; Prepa Tec reported reduced price meals for 1 out of the 11 students sampled who did not qualify; Prepa Tec High reported reduced price meals for 2 out of 6 students sampled who did not qualify.

Status:

After we completed our 2019-2020 testing we determined that the corrective action plan was not implemented. The context of this finding can be found at 2020-001.

**ALTA PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

Findings – State Compliance

2019-002 Unduplicated Local Control Funding Formula Pupil Counts **40000**

**Prepa Tec Middle School #1542
Prepa Tec High School #1789**

Condition:

During testing we compared students' family income per Free and Reduced Price Meal (FRPM) eligibility applications to the Income Eligibility Scales for 2018-19, and found that the School inaccurately reported students as eligible for free or reduced price meals. For Prepa Tec 1 out of the 11 sampled students contained and error and for Prepa tech High 2 out of the 6 sampled students contained errors. An error rate was applied to calculate the questioned costs below.

Status:

After we completed our 2019-2020 testing we determined that the corrective action plan was not implemented. The context of this finding can be found at 2020-001.

2019-003 Instructional Minutes **40000**

Prepa Tec High #1789

Criteria:

Pursuant to the provisions of subdivision (a)(1) of Education Code Section 47612.5, the minimum instructional minutes offered for grades 9 through 12 should be 64,800.

Status: Implemented.

2019-004 ADA Reporting **10000**

Prepa Tec High School #1789

Criteria: Pursuant to the provisions of Education Code Section 19850, the Second Principal (P2) and Annual reports of attendance submitted to the California Department of Education should be supported by written contemporaneous records that document all pupil attendance included in the charter school's Average Daily Attendance (ADA) calculations.

Status: Implemented.

