

ALTA PUBLIC SCHOOLS
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

OPERATING:

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



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YEAR ENDED JUNE 30, 2021**

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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, 2021, 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, 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

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 February 9, 2022 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
February 9, 2022

ALTA PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	AMPT, LLC	PTMS, LLC	Eliminations	Consolidated
ASSETS								
CURRENT ASSETS								
Cash and Cash Equivalents	\$ 1,251,714	\$ 369,188	\$ 77,530	\$ 155,367	\$ -	\$ -	\$ -	\$ 1,853,799
Restricted Cash	-	-	-	-	888,049	4,331,317	-	5,219,366
Accounts Receivable	2,316,956	1,650,916	1,861,452	45,997	-	-	-	5,875,321
Intercompany Receivables	1,130,424	-	-	427,346	-	-	(1,557,770)	-
Deferred Lease Asset, Current	-	-	-	-	8,320	-	(8,320)	-
Prepaid Expenses and Other Assets	40,926	36,424	69,142	48,337	-	-	-	194,829
Total Current Assets	4,740,020	2,056,528	2,008,124	677,047	896,369	4,331,317	(1,566,090)	13,143,315
LONG-TERM ASSETS								
Deposits	7,500	52,326	-	23,100	-	-	-	82,926
Deferred Lease Asset	-	-	-	-	138,221	-	(138,221)	-
Property, Plant, and Equipment, Net	812,671	90,190	325,531	20,451	5,599,436	12,458,513	-	19,306,792
Total Long-Term Assets	820,171	142,516	325,531	43,551	5,737,657	12,458,513	(138,221)	19,389,718
Total Assets	\$ 5,560,191	\$ 2,199,044	\$ 2,333,655	\$ 720,598	\$ 6,634,026	\$ 16,789,830	\$ (1,704,311)	\$ 32,533,033
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 740,269	\$ 247,218	\$ 506,540	\$ 480,512	\$ 77,768	\$ 174,205	\$ -	\$ 2,226,512
Intercompany Payables	-	701,837	805,131	-	-	50,802	(1,557,770)	-
Deferred Revenue	350,423	247,621	-	-	-	-	-	598,044
Deferred Lease Liability, Current	8,320	-	-	6,366	-	-	(8,320)	6,366
Factored Receivables	-	-	454,000	-	-	-	-	454,000
Revolving Loan, Current Portion	-	-	50,000	-	-	-	-	50,000
Notes Payable, Current Portion	-	-	-	7,692	-	-	-	7,692
Bonds Payable, Current Portion	-	-	-	-	120,000	-	-	120,000
Total Current Liabilities	1,099,012	1,196,676	1,815,671	494,570	197,768	225,007	(1,566,090)	3,462,614
LONG-TERM LIABILITIES								
Deferred Lease Liability	138,220	-	-	71,671	-	-	(138,221)	71,670
Revolving Loan	-	-	50,000	-	-	-	-	50,000
Notes Payable	-	-	-	22,738	-	-	-	22,738
Bonds Payable	-	-	-	-	6,451,277	17,902,076	-	24,353,353
Total Long-Term Liabilities	138,220	-	50,000	94,409	6,451,277	17,902,076	(138,221)	24,497,761
Total Liabilities	1,237,232	1,196,676	1,865,671	588,979	6,649,045	18,127,083	(1,704,311)	27,960,375
NET ASSETS								
Net Assets Without Donor Restriction	4,322,959	1,002,368	467,984	131,619	(15,019)	(1,337,253)	-	4,572,658
Total Net Assets	4,322,959	1,002,368	467,984	131,619	(15,019)	(1,337,253)	-	4,572,658
Total Liabilities and Net Assets	\$ 5,560,191	\$ 2,199,044	\$ 2,333,655	\$ 720,598	\$ 6,634,026	\$ 16,789,830	\$ (1,704,311)	\$ 32,533,033

See accompanying Notes to Consolidated Financial Statements.

**ALTA PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	AMPT, LLC	PTMS, LLC	Eliminations	Consolidated
REVENUES WITHOUT DONOR RESTRICTION								
State Revenue:								
State Apportionment	\$ 3,644,979	\$ 2,475,965	\$ 3,986,176	\$ -	\$ -	\$ -	\$ -	\$ 10,107,120
Other State Revenue	1,176,785	534,028	791,520	2,430	-	-	-	2,504,763
Federal Revenue:								
Grants and Entitlements	1,957,032	1,243,316	1,390,681	27,285	-	-	-	4,618,314
Local Revenue:								
In-Lieu Property Tax Revenue	1,313,262	954,955	-	-	-	-	-	2,268,217
Contributions	-	-	11,500	-	-	-	-	11,500
PPP Loan Forgiveness Income	410,961	405,004	407,784	256,751	-	-	-	1,480,500
Other Revenue	4,876	3,002	7,440	2,517,697	578,774	487,500	(3,447,326)	151,963
Total Revenues	<u>8,507,895</u>	<u>5,616,270</u>	<u>6,595,101</u>	<u>2,804,163</u>	<u>578,774</u>	<u>487,500</u>	<u>(3,447,326)</u>	<u>21,142,377</u>
EXPENSES								
Program Services Expense:	6,748,210	4,825,397	5,623,634	514,970	-	58,134	(2,874,140)	14,896,205
Management and General	151,740	56,350	80,457	1,528,661	558,143	1,275,801	(573,186)	3,077,966
Total Expenses	<u>6,899,950</u>	<u>4,881,747</u>	<u>5,704,091</u>	<u>2,043,631</u>	<u>558,143</u>	<u>1,333,935</u>	<u>(3,447,326)</u>	<u>17,974,171</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION								
	1,607,945	734,523	891,010	760,532	20,631	(846,435)	-	3,168,206
Net Assets Without Donor Restriction, Beginning 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>
NET ASSETS WITHOUT DONOR RESTRICTION, END OF YEAR								
	<u>\$ 4,322,959</u>	<u>\$ 1,002,368</u>	<u>\$ 467,984</u>	<u>\$ 131,619</u>	<u>\$ (15,019)</u>	<u>\$ (1,337,253)</u>	<u>\$ -</u>	<u>\$ 4,572,658</u>

See accompanying Notes to Consolidated Financial Statements.

**ALTA PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	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	\$ 1,607,945	\$ 734,523	\$ 891,010	\$ 760,532	\$ 20,631	\$ (846,435)	\$ -	\$ 3,168,206
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:								
Depreciation	90,740	7,145	299,390	6,493	70,198	-	-	473,966
Amortization	-	-	-	-	24,217	116,600	-	140,817
Forgiveness of Debt	(410,961)	(405,004)	(407,784)	(256,751)	-	-	-	(1,480,500)
(Increase) Decrease in Assets:								
Accounts Receivable	(1,274,173)	(1,146,780)	(997,948)	11,511	48,052	-	-	(3,359,338)
Intercompany Receivables	(822,807)	41,594	-	(427,346)	-	29,774	1,178,785	-
Prepaid Expenses and Other Assets	(16,842)	7,784	8,810	(26,253)	-	-	-	(26,501)
Deposits	-	5,975	-	-	-	-	-	5,975
Deferred Rent Asset	-	-	-	-	5,563	-	(5,563)	-
Increase (Decrease) in Liabilities:								
Accounts Payable and Accrued Liabilities	62,600	47,441	(650,382)	(463,780)	-	(1,122,969)	-	(2,127,090)
Intercompany Payables	-	701,837	556,654	(52,354)	-	(27,352)	(1,178,785)	-
Deferred Rent Liability	(123,194)	-	-	22,063	-	-	5,563	(95,568)
Deferred Revenue	344,859	197,064	(64,118)	-	-	-	-	477,805
Net Cash Provided (Used) by Net Cash Provided (Used) by Operating Activities	(541,833)	191,579	(364,368)	(425,885)	168,661	(1,850,382)	-	(2,822,228)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of Property, Plant, and Equipment	(75,187)	(10,043)	(41,099)	(16,444)	-	(7,704,036)	-	(7,846,809)
Net Cash Used by Investing Activities	(75,187)	(10,043)	(41,099)	(16,444)	-	(7,704,036)	-	(7,846,809)
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from Factoring	-	-	454,000	-	-	-	-	454,000
Repayments of Debt	-	(53,000)	(50,000)	(123,203)	(110,000)	-	-	(336,203)
Net Cash Provided (Used) by Financing Activities	-	(53,000)	404,000	(123,203)	(110,000)	-	-	117,797
NET CHANGE IN CASH AND CASH EQUIVALENTS	(617,020)	128,536	(1,467)	(565,532)	58,661	(9,554,418)	-	(10,551,240)
Cash and Cash Equivalents - Beginning of Year	1,868,734	240,652	78,997	720,899	829,388	13,885,735	-	17,624,405
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,251,714</u>	<u>\$ 369,188</u>	<u>\$ 77,530</u>	<u>\$ 155,367</u>	<u>\$ 888,049</u>	<u>\$ 4,331,317</u>	<u>\$ -</u>	<u>\$ 7,073,165</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION								
Cash Paid for Interest	\$ 12,613	\$ -	\$ 15,470	\$ 2,903	\$ 463,728	\$ -	\$ -	\$ 494,714
Forgiveness of Debt	<u>\$ 410,961</u>	<u>\$ 405,004</u>	<u>\$ 407,784</u>	<u>\$ 256,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,480,500</u>

See accompanying Notes to Consolidated Financial Statements.

ALTA PUBLIC SCHOOLS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Eliminations	Total
Salaries and Wages	\$ 6,445,947	\$ 948,665	\$ -	\$ 7,394,612
Pension Expense	1,008,046	180,577	-	1,188,623
Other Employee Benefits	572,673	97,246	-	669,919
Payroll Taxes	232,984	71,852	-	304,836
Legal Expenses	-	54,182	-	54,182
Accounting Expenses	75,041	-	-	75,041
Instructional Materials	314,038	-	-	314,038
Other Fees for Services	4,139,840	151,306	(2,874,140)	1,417,006
Advertising and Promotion Expenses	32,177	-	-	32,177
Office Expenses	867,979	-	-	867,979
Information Technology Expenses	629,113	-	-	629,113
Occupancy Expenses	2,333,502	171,436	(573,186)	1,931,752
Interest Expense	11,907	1,782,119	-	1,794,026
Depreciation Expense	299,390	174,576	-	473,966
Insurance Expense	72,774	19,193	-	91,967
Other Expenses	734,934	-	-	734,934
Subtotal	17,770,345	3,651,152	(3,447,326)	17,974,171
Eliminations	(2,874,140)	(573,186)	3,447,326	-
Total Expenses by Function	<u>\$ 14,896,205</u>	<u>\$ 3,077,966</u>	<u>\$ -</u>	<u>\$ 17,974,171</u>

See accompanying Notes to Consolidated Financial Statements.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

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 and PTMS, LLC which were formed to provide assistance with funding capital improvement on behalf of Alta Public Schools. Alta Public Schools is the single member of AMPT, LLC and Alta Public Schools Foundation is the single member of PTMS, LLC. Alta Public Schools Foundation (the Foundation) is a supporting organization to the School. During the year ended June 30, 2021, there were no activities or account balances other than PTMS, 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.

ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021, 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, 2021. 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.

ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021, the School has conditional grants of \$4,571,006 of which \$536,642 is recognized as deferred revenue in the statement of financial position.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, 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.

Evaluation of Subsequent Events

The School has evaluated subsequent events through February 9, 2022, the date these consolidated financial statements were available to be issued.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

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 \$7,729,120. 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 \$473,966 for the year ended June 30, 2021.

The components of property, plant, and equipment as of June 30, 2021 are as follows:

	Academia Moderna	Prepa Tec 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	-	-	11,982,178	12,143,459
Building and Improvements	1,164,766	85,402	1,541,946	-	3,158,926	-	5,951,040
Furniture, Fixtures, and Equipment	147,096	21,712	119,708	35,191	-	-	323,707
Total	1,342,925	167,842	1,731,144	35,191	6,008,926	12,458,513	21,744,541
Less: Accumulated Depreciation	(530,254)	(77,652)	(1,405,613)	(14,740)	(409,490)	-	(2,437,749)
Total Property, Plant, and Equipment	<u>\$ 812,671</u>	<u>\$ 90,190</u>	<u>\$ 325,531</u>	<u>\$ 20,451</u>	<u>\$ 5,599,436</u>	<u>\$ 12,458,513</u>	<u>\$ 19,306,792</u>

NOTE 5 ADVANCES ON STATE SUPPORT

The School entered into factoring agreements with Charter Management Fund, L.P. (CAM) for the purchase of certain amounts that will be receivable from the California Department of Education (CDE) in succeeding periods. As of June 30, 2021, advances from CAM amounted to \$454,000.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, 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, 2021, the principal balance outstanding was \$19,320,000.

The bonds mature through 2059 as follows:

<u>Year Ending June 30,</u>	<u>2014 Issue</u>	<u>2020 Issue</u>	<u>Total</u>
2022	\$ 120,000	\$ -	\$ 120,000
2023	130,000	-	130,000
2024	135,000	165,000	300,000
2025	145,000	170,000	315,000
2026	150,000	180,000	330,000
Thereafter	6,275,000	18,805,000	25,080,000
Total Future Maturities	6,955,000	19,320,000	26,275,000
Bond Discount	(28,857)	(510,420)	(539,277)
Unamortized Issue Costs	(354,866)	(907,504)	(1,262,370)
Total Bonds Payable	<u>\$ 6,571,277</u>	<u>\$ 17,902,076</u>	<u>\$ 24,473,353</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 \$28,857 at June 30, 2021.

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 \$510,420 at June 30, 2021.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 LONG-TERM DEBT (CONTINUED)

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

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 \$354,866 at June 30, 2021.

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 \$907,504 at June 30, 2021.

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, 2021, 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.

Payroll Protection Program Loans

On June 15, 2020 the School received a loan from Umpqua Bank in the amount of \$1,480,500 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, commencing in June 2021 principal and interest payments will be required through the maturity date in June 2022.

In 2021, the principal amount of \$1,480,500, was forgiven by the financial institution. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 LONG-TERM DEBT (CONTINUED)

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, 2021, the principal balance outstanding was \$150,000.

Future payments for all loans are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 57,692
2023	57,692
2024	7,692
2025	7,354
Total	<u>\$ 130,430</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, 2021. 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 \$146,540 as of June 30, 2021, this was eliminated on the consolidated statement of financial position.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 581,279
2023	580,538
2024	581,204
2025	579,725
2026	578,779
Thereafter	11,193,067
Total	<u>\$ 14,094,592</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 associated with this lease is recognized on a straight-line basis over the life of the lease and amounted to \$802,477 for the year ended June 30, 2021. The cumulative difference between the lease expense recorded and the lease payments made is reported as a deferred lease liability for the Schools of \$78,037 as of June 30, 2021.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 OPERATING LEASES (CONTINUED)

Future minimum lease payments are as follows:

Year Ending June 30,	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	Total
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
2026	-	-	422,343	168,000	590,343
Thereafter	-	-	1,779,232	441,702	2,220,934
Total	<u>\$ 50,646</u>	<u>\$ 443,413</u>	<u>\$ 3,767,550</u>	<u>\$ 1,234,152</u>	<u>\$ 5,495,761</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.

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, 2020, total STRS plan net assets are \$283 billion, the total actuarial present value of accumulated plan benefits is \$405 billion, contributions from all employers totaled \$6.1 billion, and the plan is 67.1% 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.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS)

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 10.21% 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. The required employer contribution rate for year ended June 30, 2021 was 16.1% 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>
2019	\$ 601,918	100 %
2020	819,028	100 %
2021	794,327	100 %

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, 2020, the School Employer Pool total plan assets are \$72 billion, the present value of accumulated plan benefits is \$102 billion, contributions from all employers totaled \$2.9 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 7.0%. 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 CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2021 was 20.7%. The contribution requirements of the plan members are established and may be amended by state statute.

**ALTA PUBLIC SCHOOLS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 EMPLOYEE RETIREMENT (CONTINUED)

Public Employee's Retirement System (PERS)

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>
2019	\$ 308,954	100 %
2020	269,510	100 %
2021	360,567	100 %

NOTE 9 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.

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 2022 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 10 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.

NOTE 11 SUBSEQUENT EVENT - SCHOOL CLOSURE

The charter for Prepa Tec High was not renewed and the charter school was officially closed, effective July 1, 2021.

SUPPLEMENTARY INFORMATION

**ALTA PUBLIC SCHOOLS
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2021**

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, 2021**

The board of directors and the administrator as of the year ended June 30, 2021 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)
Azucena Chavarria	Treasurer	January 2022 (3 Years)
Jesse Pelayo	Member	January 2020 (3 Years)
Raul Carranza	Member	September 2021 (3 Years)

ADMINISTRATOR

Xavier Reyes	Founder and Chief Executive Director
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**ALTA PUBLIC SCHOOLS
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2021**

	Traditional Instructional Days	Status
Academia Moderna		
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Prepa Tec		
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Prepa Tec High		
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance

See Auditors' Report and Notes to Supplementary Information.

ALTA PUBLIC SCHOOLS
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

	<u>Academia Moderna</u>	<u>Prepa Tec</u>	<u>Prepa Tec High</u>
June 30, 2021 Annual Financial Report Fund Balances (Net Assets)	\$ 4,744,780	\$ 1,249,603	\$ 117,492
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets)			
Accounts Receivable	(184,043)	(167,599)	321,488
Accounts Payable and Accrued Liabilities	(61,053)	38,768	29,004
Deferred Rent Liability	1	-	-
Deferred Revenue	(176,726)	(118,404)	-
Net Adjustments and Reclassifications	<u>(421,821)</u>	<u>(247,235)</u>	<u>350,492</u>
June 30, 2021 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 4,322,959</u>	<u>\$ 1,002,368</u>	<u>\$ 467,984</u>

See Auditors' Report and Notes to Supplementary Information.

**ALTA PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Academia Moderna	Prepa Tec	Prepa Tec High	Alta Public Schools	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	\$ 213,013	\$ 175,509	\$ 129,390	\$ -	\$ 517,912
Title II, Part A, Teacher Quality	84.367	14341	23,749	21,882	15,059	-	60,690
Title III, Limited English Proficient (LEP)	84.365	14346	12,152	-	-	-	12,152
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	11,776	14,030	10,000	-	35,806
Title V, Part B, Public Charter School 21st Century Community Learning Centers	84.287	15396	212,862	233,609	284,498	-	730,969
Charter School Program Cluster	84.282M	14941	133,825	74,878	19,214	-	227,917
Special Education Cluster:							
Special Education - IDEA	84.027	13379	52,961	36,805	60,045	-	149,811
Total Special Education Cluster			<u>52,961</u>	<u>36,805</u>	<u>60,045</u>	<u>-</u>	<u>149,811</u>
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	N/A	189,001	151,953	458,762	-	799,716
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	N/A	17,480	14,720	21,621	-	53,821
<i>Total U.S Department of Education</i>			<u>866,819</u>	<u>723,386</u>	<u>998,589</u>	<u>-</u>	<u>2,588,794</u>
U.S. Department of Agriculture							
Pass-Through Program From California Department of Education:							
Child Nutrition Cluster	10.555	N/A	628,621	203,215	4,545	27,285	863,666
<i>Total U.S Department of Agriculture</i>			<u>628,621</u>	<u>203,215</u>	<u>4,545</u>	<u>27,285</u>	<u>863,666</u>
U.S. Department of Treasury							
Pass-Through Program From California Department of Education:							
COVID-19 Coronavirus Relief Fund (CR)	21.019	N/A	461,592	316,715	387,547	-	1,165,854
<i>Total U.S Department of Treasury</i>			<u>461,592</u>	<u>316,715</u>	<u>387,547</u>	<u>-</u>	<u>1,165,854</u>
Total Federal Expenditures			<u>\$ 1,957,032</u>	<u>\$ 1,243,316</u>	<u>\$ 1,390,681</u>	<u>\$ 27,285</u>	<u>\$ 4,618,314</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, 2021**

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 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 3 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, 2021. 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 4 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, 2021, 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 February 9, 2022.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California
February 9, 2022



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, 2021. 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, 2021.

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. 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.



CliftonLarsonAllen LLP

Glendora, California
February 9, 2022



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 *2020-2021 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, 2021. 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 *2020-2021 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>
Local Education Agencies:	
Attendance and Distance Learning	Yes
Instructional Time	Yes
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes



<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study-Course Based	Not Applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instructional/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
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, 2021.

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 *2020-2021 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
February 9, 2022

**ALTA PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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? _____ yes x 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)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster
21.019	COVID 19 - Coronavirus Relief Fund (CR)
84.425C	COVID 19 - Governor's Emergency Education Relief (GEER) Fund

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

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

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**ALTA PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

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

2020-001 Child Nutrition Cluster **50000**

Academia 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

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 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.

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.

Status: Remediated during the year ended June 30, 2021.

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