

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY

CHARTER SCHOOL NUMBER: 1838

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
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YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
California School of the Arts - San Gabriel Valley
Duarte, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of California School of the Arts - San Gabriel Valley (the Organization), 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. 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 Organization 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 Organization’s consolidated financial statements as a whole. The California School of the Arts – San Gabriel Valley, SMG Arts Property, LLC, and eliminations columns in the consolidated statements of financial position, activities, and cash flows as well as the accompanying supplementary schedules as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 November 20, 2020 on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
November 20, 2020

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS	<u>the Arts - SGV</u>	<u>Property LLC</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,246,760	\$ 203,462	\$ -	\$ 1,450,222
Accounts Receivable - Federal and State	1,594,727	-	-	1,594,727
Prepaid Expenses and Other Assets	77,167	126,000	-	203,167
Total Current Assets	<u>2,918,654</u>	<u>329,462</u>	<u>-</u>	<u>3,248,116</u>
LONG-TERM ASSETS				
Restricted Cash and Cash Equivalents	200,000	-	-	200,000
Property, Plant, and Equipment, Net	515,093	6,091,530	-	6,606,623
Deposits	11,699	48,000	-	59,699
Total Long-Term Assets	<u>726,792</u>	<u>6,139,530</u>	<u>-</u>	<u>6,866,322</u>
Total Assets	<u>\$ 3,645,446</u>	<u>\$ 6,468,992</u>	<u>\$ -</u>	<u>\$ 10,114,438</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 210,957	\$ 22,252	\$ -	\$ 233,209
Due to OCSA	254,353	-	-	254,353
Due to OCSA Foundation	460	-	-	460
Due to CASA Foundation	216,973	-	-	216,973
Accrued Interest Payable - Related Parties	170,662	-	-	170,662
Notes Payable - Related Parties, Current Portion	116,667	-	-	116,667
Notes Payable, Current Portion	50,004	306,004	-	356,008
Total Current Liabilities	<u>1,020,076</u>	<u>328,256</u>	<u>-</u>	<u>1,348,332</u>
LONG-TERM LIABILITIES				
Line of Credit - Long Term	550,000	-	-	550,000
Notes Payable - Related Parties	2,298,333	-	-	2,298,333
Notes Payable, Net of Current Portion and Issuance Costs	1,547,369	6,586,974	-	8,134,343
Total Long-Term Liabilities	<u>4,395,702</u>	<u>6,586,974</u>	<u>-</u>	<u>10,982,676</u>
NET ASSETS				
Without Donor Restriction	(1,845,009)	(446,238)	-	(2,291,247)
With Donor Restriction	74,677	-	-	74,677
Total Net Assets	<u>(1,770,332)</u>	<u>(446,238)</u>	<u>-</u>	<u>(2,216,570)</u>
Total Liabilities and Net Assets	<u>\$ 3,645,446</u>	<u>\$ 6,468,992</u>	<u>\$ -</u>	<u>\$ 10,114,438</u>

See accompanying Notes to Consolidated Financial Statements.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	CA School of the Arts - SGV	SMG Arts Property LLC	Eliminations	Total
REVENUES, WITHOUT DONOR RESTRICTIONS				
State Revenue:				
State Aid	\$ 7,229,364	\$ -	\$ -	\$ 7,229,364
Other State Revenue	1,292,596	-	-	1,292,596
Federal Revenue:				
Grants and Entitlements	94,255	-	-	94,255
Local Revenue:				
In-Lieu Property Tax Revenue	1,265,863	-	-	1,265,863
Duarte Unified School District ADA Contribution	213,091	-	-	213,091
Contributions	2,270,852	-	-	2,270,852
Investment Income	-	-	-	-
Other Revenue	501,415	1,300,000	(1,300,000)	501,415
Net Assets Released from Restrictions	78,040	-	-	78,040
Total Revenues	<u>12,945,476</u>	<u>1,300,000</u>	<u>(1,300,000)</u>	<u>12,945,476</u>
EXPENSES				
Program Services	10,690,540	1,046,751	-	11,737,291
Management and General	1,940,414	298,527	(1,300,000)	938,941
Fundraising	98,382	-	-	98,382
Total Expenses	<u>12,729,336</u>	<u>1,345,278</u>	<u>(1,300,000)</u>	<u>12,774,614</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	216,140	(45,278)	-	170,862
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	74,677	-	-	74,677
Net Assets Released from Restrictions	<u>(78,040)</u>	<u>-</u>	<u>-</u>	<u>(78,040)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(3,363)</u>	<u>-</u>	<u>-</u>	<u>(3,363)</u>
CHANGE IN TOTAL NET ASSETS	212,777	(45,278)	-	167,499
Net Assets, Beginning of Year	<u>(1,983,109)</u>	<u>(400,960)</u>	<u>-</u>	<u>(2,384,069)</u>
NET ASSETS, END OF YEAR	<u><u>\$ (1,770,332)</u></u>	<u><u>\$ (446,238)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,216,570)</u></u>

See accompanying Notes to Consolidated Financial Statements.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	CA School of the Arts - SGV	SMG Arts Property LLC	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 212,777	\$ (45,278)	\$ -	\$ 167,499
Change in Net Assets				
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:				
Depreciation and Amortization	79,914	546,434	-	626,348
Change in Operating Assets:				
Accounts Receivable - Federal and State	(100,923)	-	-	(100,923)
Accounts Receivable - Other	161	-	-	161
Intercompany Receivable	-	121,838	(121,838)	-
Prepaid Expenses and Other Assets	80,887	(63,000)	-	17,887
Other Long-Term Assets	(3,209)	-	-	(3,209)
Change in Operating Liabilities:				
Accounts Payable and Accrued Liabilities	(212,406)	(9,818)	-	(222,224)
Intercompany payable	(121,838)	-	121,838	-
Due to OCSA	(105,170)	(17)	-	(105,187)
Due to OCSA Foundation	(1,999)	-	-	(1,999)
Due to CASA Foundation	89,191	-	-	89,191
Accrued Interest Payable - Related Parties	72,335	-	-	72,335
Deferred Revenue	-	(108,333)	-	(108,333)
Net Cash Flows from Operating Activities	<u>(10,280)</u>	<u>441,826</u>	<u>-</u>	<u>431,546</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property, Plant, and Equipment	(219,812)	-	-	(219,812)
Net Cash Flows from Investing Activities	<u>(219,812)</u>	<u>-</u>	<u>-</u>	<u>(219,812)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Net Proceeds from/(Payments on) Line of Credit	(965,109)	-	-	(965,109)
Proceeds from Notes Payable	2,212,367	-	-	2,212,367
Repayments of Notes Payable	(49,998)	(297,716)	-	(347,714)
Net Cash Flows from Financing Activities	<u>1,197,260</u>	<u>(297,716)</u>	<u>-</u>	<u>899,544</u>
CHANGE IN CASH AND CASH EQUIVALENTS	967,168	144,110	-	1,111,278
Cash and Cash Equivalents - Beginning of Year	<u>479,592</u>	<u>59,352</u>	<u>-</u>	<u>538,944</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,446,760</u>	<u>\$ 203,462</u>	<u>\$ -</u>	<u>\$ 1,650,222</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid for Interest	<u>\$ 77,015</u>	<u>\$ 231,966</u>	<u>\$ -</u>	<u>\$ 308,981</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Cash and Cash Equivalents	\$ 1,246,760	\$ 203,462	\$ -	\$ 1,450,222
Restricted Cash and Cash Equivalents	200,000	-	-	200,000
Total Cash and Cash Equivalents	<u>\$ 1,446,760</u>	<u>\$ 203,462</u>	<u>\$ -</u>	<u>\$ 1,650,222</u>

See accompanying Notes to Consolidated Financial Statements.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 4,890,603	\$ 482,589	\$ -	\$ 5,373,192
Pension Expense	872,089	42,819	-	914,908
Other Employee Benefits	551,085	61,232	-	612,317
Payroll Taxes	151,892	16,877	-	168,769
Management Fees	-	512,801	-	512,801
Legal Expenses	-	11,989	-	11,989
Accounting Expenses	-	22,793	-	22,793
Instructional Materials	451,346	-	-	451,346
Other Fees for Services	382,140	54,460	-	436,600
Advertising and Promotion Expenses	25,422	11,529	-	36,951
Office Expenses	151,488	298,012	7,238	456,738
Information Technology Expenses	86,375	17,843	-	104,218
Occupancy Expenses	1,989,931	191,287	-	2,181,218
Travel Expenses	-	3,890	-	3,890
Conference and Meeting Expenses	7,186	-	-	7,186
Interest Expense	249,998	168,763	-	418,761
Depreciation and Amortization Expense	600,325	26,023	-	626,348
Insurance Expense	76,861	8,540	-	85,401
District Services	-	256,602	-	256,602
Special Education Expenses	590,012	-	-	590,012
Other Expenses	660,538	50,892	91,144	802,574
	<u>11,737,291</u>	<u>2,238,941</u>	<u>98,382</u>	<u>14,074,614</u>
Subtotal				
Eliminations	<u>-</u>	<u>(1,300,000)</u>	<u>-</u>	<u>(1,300,000)</u>
Total	<u>\$ 11,737,291</u>	<u>\$ 938,941</u>	<u>\$ 98,382</u>	<u>\$ 12,774,614</u>

See accompanying Notes to Consolidated Financial Statements.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

California School of the Arts - San Gabriel Valley (the Organization) is a California nonprofit public benefit corporation under the laws of the State of California. The organization consists of a charter school (the School or CASA-SGV) sponsored by the Duarte Unified School District according to the conditions and requirements of AB 544 and applicable California charter school laws, and SMG Arts Properties, LLC (the School), a limited liability company of which the School is the sole member. SMG Arts Properties, LLC was formed to purchase and manage properties to be rented to the School. The School's student population is students grades 9-12 who have demonstrated talents and interest in the arts. The organization is economically dependent on state and federal funding.

The charter may be revoked by the Duarte Unified School District 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.

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 Organization's programs and other activities have been presented in the consolidated 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 Organization 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.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Contributions restricted by donors are reported 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Accounts Receivable

Accounts receivable primarily represent 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.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased or at estimated fair market value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset.

Buildings	35 Years
Furniture, Fixtures, and Furnishings	7 Years
School Equipment	5 to 10 Years

The Organization capitalizes all expenditures for land, buildings, and equipment in excess of \$500.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Amounts received from the California Department of Education are conditional and recognized as revenue by the Organization 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.

Production Income

Production income revenue is made up of ticket sales made for music and theater events throughout the year. These are reported at the amount that reflects the consideration to which the Organization is paid in exchange for admission per event. These amounts are charged upon a per-event basis as purchased. Revenue is recognized at the point of sale.

Services to Students

Student service revenue is made up of fees for field trips, graduation ceremonies, food services, locker rentals, and other services provided for students. These are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to the students. These amounts are due from students, who are billed upon receipt of the service. Revenue is recognized as the performance obligations are satisfied at a point in time.

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 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 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 (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the consolidated statement of financial position. As of June 30, 2020, the Organization had no outstanding conditional grants.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
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 Organization 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

The Organization does not allow employees to carry over unused vacation. Accordingly, there were no accumulated compensated absence benefits at June 30, 2020.

Income Taxes

The Organization 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 Organization is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The Organization files an exempt informational return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of CASA-SGV and the LLC. All significant intercompany accounts and transactions between these entities have been eliminated in the consolidated financial statements. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Organization."

Contributed Assets and Services

Contributions of donated noncash assets are recorded at fair value in the period received.

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. There was no material impact on the Organization's financial position and results of operations upon adoption of the new standard.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

In November 2016, FASB issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*. The update requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalent, and the amounts generally described as restricted cash or restricted cash equivalents. The Organization has implemented ASU 2016-18 under the full retrospective approach. The impact resulted in an increase in cash and cash equivalents and the addition of a reconciliation of cash the statement of cash flows.

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 Organization has implemented ASU 2018-08 under the modified prospective approach. There was no material impact on the Organization’s financial position and results of operations upon adoption of the new standard.

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 20, 2020, 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 consolidated statement of financial position date. Financial assets available for general expenditures are comprised of the following as of June 30, 2020:

Cash and Cash Equivalents	\$ 1,650,222
Accounts Receivable	1,594,727
Less: Restricted Cash	(200,000)
Less: Donor Restricted Net Assets	(74,677)
Total	\$ 2,970,272

As part of its liquidity management plan, the Organization monitors liquidity required and cash flows to meet operating needs on a monthly basis. The Organization structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 CONCENTRATION OF CREDIT RISK

The Organization 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 Organization 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 \$79,914 for the School and \$528,402 for the LLC as of June 30, 2020.

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

	California School of the Arts - SGV	SMG Arts Properties, LLC	Total
Buildings and Improvements	\$ 88,671	\$ 6,120,349	\$ 6,209,020
Equipment and Computers	551,971	1,356,311	1,908,282
Total	640,642	7,476,660	8,117,302
Less: Accumulated Depreciation	(125,549)	(1,385,130)	(1,510,679)
Total Property, Plant, and Equipment	<u>\$ 515,093</u>	<u>\$ 6,091,530</u>	<u>\$ 6,606,623</u>

NOTE 5 LINE OF CREDIT

The Organization has an unsecured line of credit from Pacific Premier Bank for up to \$1,300,000. The line of credit bears a variable interest rate (6.50% as of June 30, 2020 and expires on December 2, 2020). As of June 30, 2020, the School had a total outstanding balance of \$550,000 on this line of credit.

NOTE 6 LONG-TERM DEBT

In May 2017, CASA-SGV obtained a \$250,000 revolving loan from the California School Finance Authority (SCFA). The loan bears an interest rate of 0.95% and matures in 2022. The outstanding balance of this loan at June 30, 2020 was \$100,006.

In December 2017, the LLC refinanced all outstanding Farmers & Merchants Bank debt with a loan from Pacific Premier for \$6,349,888. The note carries an interest rate of 3.15%. Principal and interest payments of \$44,205 are due monthly until maturity in December 2027. This note is reported net of unamortized debt issuance costs of \$230,544. Amortization of debt issuance costs recorded to interest expense for the year ended June 30, 2020 was \$18,032.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 LONG-TERM DEBT (CONTINUED)

In June 2020, the Organization received a loan from Farmers & Merchants Bank in the amount of \$1,497,367 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). 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 10 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 October 2021 principal and interest payments will be required through the maturity date in June 2025.

Future maturities for long term debt are as follows:

<u>Year Ending June 30,</u>	<u>California School of the Arts - SGV</u>	<u>SMG Arts Properties, LLC</u>	<u>Total</u>
2021	\$ 50,004	\$ 306,004	\$ 356,008
2022	509,849	317,982	827,831
2023	398,446	328,288	726,734
2024	402,448	338,405	740,853
2025	236,626	349,118	585,744
Thereafter	-	5,463,696	5,463,696
Total	<u>1,597,373</u>	<u>7,103,493</u>	<u>8,700,866</u>
Debt Issuance Costs	-	(210,515)	(210,515)
Total Debt, Net of Issuance Costs	<u>\$ 1,597,373</u>	<u>\$ 6,892,978</u>	<u>\$ 8,490,351</u>

The Organization has long-term debt obtained from related parties. In December 2017, the Organization obtained a loan from the Legacy Fund for the amount of \$750,000. The loan carries an interest rate of 3.15% and matures on June 30, 2022. Payments of principal and accrued interest begin in June 2019.

In October 2019, the Organization obtained a second loan from the Legacy Fund for the amount of \$365,000. The loan carries an interest rate of 3% and matures on June 30, 2027. Payments of principal and accrued interest begin in June 2023.

In June 2017, the Organization obtained a loan from the OCSA Foundation for \$950,000. The loan carries an interest rate of 3.15%. Principal and accrued interest are due upon maturity on July 1, 2022.

In July 2019, the Organization obtained a loan from OCSA for \$350,000. The loan carries an interest rate of 3% and matures in July 2023. Payments principal and accrued interest begin in November 2020.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 LONG-TERM DEBT (CONTINUED)

Future maturities for long term debt from related parties are as follows:

<u>Year Ending June 30,</u>	<u>CSA - San Gabriel Valley</u>
2021	\$ 116,667
2022	116,667
2023	1,289,666
2024	223,000
2025	223,000
Thereafter	446,000
Total	<u>\$ 2,415,000</u>

NOTE 7 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 Organization chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Organization has no plans to withdraw from this multi-employer plan.

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. 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 STRS 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 reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

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 Organization 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 year ended June 30, 2020 was 17.10% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

The Organization's contributions to STRS are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2018	\$ 426,889	100%
2019	679,286	100%
2020	829,270	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. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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 present value of accumulated plan benefits is \$97 billion, contributions from all employers totaled \$2.5 billion, and the plan is 70% funded. The School 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 actually determined rate. The actuarial methods and assumptions used for determining the rate at 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.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 EMPLOYEE RETIREMENT (CONTINUED)

Public Employee's Retirement System (PERS) (Continued)

Funding Policy (Continued)

The Organization's contributions to PERS are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2018	\$ 28,812	100%
2019	46,138	100%
2020	85,638	100%

NOTE 8 OPERATING LEASES

In November 2017, the School entered into a lease agreement for property in the city of Duarte, California, with SMG Arts Properties, LLC. This lease requires monthly payments of \$108,333. Lease expense paid by the School to the LLC for this lease was \$1,300,000, which is eliminated in the consolidated financial statements.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 1,300,000
2022	1,300,000
Total	<u>\$ 2,600,000</u>

NOTE 9 COMMITMENTS

In July 2017, the LLC entered into a facility agreement with the Duarte Unified School District (DUSD) for property in the city of Duarte, California. This agreement has a term that coincides with the length of the School's charter agreement. The agreement does not require the LLC to pay a lease amount for the use of the sites, but instead charges the LLC an annual fee of \$1 and requires that the LLC operate a charter school on the premises. Additionally, the agreement requires the LLC to construct improvements and install portable facilities to the property.

NOTE 10 RELATED PARTY TRANSACTIONS

Orange County School of the Arts

Orange County School of the Arts (OCSA) is a California nonprofit public benefit corporation founded as a charter school under the laws of the state of California. OCSA and the Organization have an arrangement for administrative and business office support. As of June 30, 2020, the Organization owes OCSA \$254,353 for expense reimbursements. The Organization has a note payable to OCSA as described in Note 6. Accrued interest for this note as of June 30, 2020 was \$10,500.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Orange County School of the Arts Foundation

The Orange County School of the Arts Foundation (OCSA Foundation) is a nonprofit public benefits corporation organized for the specific purpose to raise funds for the benefit of the OCSA and California School of the Arts network. As of June 30, 2020, the Organization owes OCSA Foundation \$460 for expense reimbursements. Additionally, the Organization has a note payable to OCSA Foundation as described in Note 6. Accrued interest for this note as of June 30, 2020 was \$92,185.

California School of the Arts Foundation

The California School of the Arts Foundation (CASA Foundation) is a nonprofit public benefits corporation organized for the specific purpose to raise funds for the benefit of the California School of the Arts network. During the year ended June 30, 2020, CASA Foundation donated a total of \$271,113 to the Organization. As of June 30, 2020, the Organization owes CSA Foundation \$216,973 for expense reimbursements.

The Legacy Fund

The Legacy Fund (the Fund) is a nonprofit public benefits corporation organized for the specific purpose to raise funds for the benefit of the OCSA and California School of the Arts network. The Organization has notes payable to the Fund as described in Note 6. Accrued interest for these notes as of June 30, 2020 was \$67,977.

NOTE 11 NET ASSETS WITH DONOR RESTRICTION

As of June 30, 2020, net assets with donor restriction consisted of \$74,677 for donations restricted to the subsequent fiscal year.

NOTE 12 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 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.

CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 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, and payroll taxes, which are allocated on the basis of estimates of time and effort. Expenses related to occupancy, interest, and depreciation are allocated on the basis of square footage.

SUPPLEMENTARY INFORMATION

**CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 YEAR ENDED JUNE 30, 2020**

The California School of the Arts – San Gabriel Valley (the School or CASA-SGV) was established in 2017, when it was granted its charter through the Duarte Unified School District (the District) and its charter school status from the California Department of Education. The charter may be revoked by the District for material violations of the charter, failure to meet or make progress toward student outcomes, failure to meet generally accepted standards of fiscal management, or violation of any provision of the law.

The charter school number is: 1838

The Board of Directors and Administration as of the year ended June 30, 2020 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Carol Green	Board President	Indefinite
Karen Herrera	Secretary	Indefinite
John Vaughn	Treasurer	Indefinite
Mary Ulrich	Member	Indefinite
Ron Green	Member	Indefinite
Marcy Ulrich	Member	Indefinite
Genevive Spinella	Member	Indefinite

ADMINISTRATORS

William Wallace, Ed.D	Principal
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**CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020**

	Instructional Minutes		Credited Minutes COVID-19 School Closure Certification	Total Actual Plus Credited Minutes	Traditional Calendar Days	Credited Days COVID-19 School Closure Certification	Total Actual Plus Credited Days	Status
	Requirement	Actual						
Grade 9	64,800	52,605	18,085	70,690	132	48	181	In compliance
Grade 10	64,800	52,605	18,085	70,690	132	48	181	In compliance
Grade 11	64,800	52,605	18,085	70,690	132	48	181	In compliance
Grade 12	64,800	52,605	18,085	70,690	132	48	181	In compliance

See Independent Auditors' Report and the accompanying Notes to Supplementary Information

**CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 YEAR ENDED JUNE 30, 2020**

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Grades 9-12	853.80	853.83	853.80	853.83
ADA Totals	853.80	853.83	853.80	853.83

See Independent Auditors' Report and the accompanying Notes to Supplementary Information

**CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$ (1,770,330)
Adjustments and Reclassifications:	
Increase (Decrease) of Fund Balance (Net Assets):	
Accounts Receivable - Federal and State	20,263
Accounts Receivable - Other	(20,263)
Property, Plant, and Equipment, Net	(4)
Accounts Payable and Accrued Liabilities	786,797
Notes Payable	(786,795)
Net Adjustments and Reclassifications	(2)
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	\$ (1,770,332)

**CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED 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.



**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
California School of the Arts - San Gabriel Valley
Duarte, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of California School of the Arts - San Gabriel Valley (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 consolidated financial statements, and have issued our report thereon dated November 20, 2020.

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.

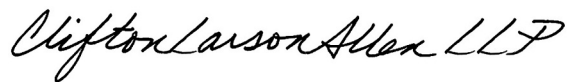
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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
November 20, 2020



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
California School of the Arts - San Gabriel Valley
Duarte, California

We have audited California School of the Arts - San Gabriel Valley'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, 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 School Education and Safety Program	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
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.

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
November 20, 2020

**CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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

There were no findings and questions costs related to the basic financial statements or state awards for the year ended June 30, 2020.

**CALIFORNIA SCHOOL OF THE ARTS - SAN GABRIEL VALLEY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

There were no findings and questioned costs related to the basic financial statements, state or federal awards in the prior year.

