

YPI CHARTER SCHOOLS, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEAR ENDED JUNE 30, 2020

OPERATING:

Bert Corona Charter School: #0654
Monseñor Oscar Romero Charter School: #0931
Bert Corona High School: #1724



CLAconnect.com

**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**

**YPI CHARTER SCHOOLS, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020**

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE	15
SCHEDULE OF INSTRUCTIONAL TIME	16
SCHEDULE OF AVERAGE DAILY ATTENDANCE	17
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS	18
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	19
NOTES TO SUPPLEMENTARY INFORMATION	20
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 <i>GOVERNMENT AUDITING STANDARDS</i>	21
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	23
INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE	25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	27
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	29



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
YPI Charter Schools, Inc.
Granada Hills, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial statements referred to on page 1 present fairly, in all material respects, the financial position of the School as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's 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 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The columns by location and eliminations on the statement of financial position, activities and cash flows and 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 25, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
March 25, 2021

YPI CHARTER SCHOOLS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS	Bert Corona Charter School	Monseñor Oscar Romero Charter School	Bert Corona High School	Learning and Support Center	Eliminations	Total
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 1,326,467	\$ 2,889,828	\$ 139,783	\$ 1,499,094	\$ -	\$ 5,855,172
Accounts Receivable - Federal and State	1,675,044	676,613	159,965	-	-	2,511,622
Accounts Receivable - Other	5,822	2,000	33	-	-	7,855
Intercompany Receivable	20,000	-	-	-	(20,000)	-
Prepaid Expenses and Other Assets	71,204	37,382	19,527	56,756	-	184,869
Total Current Assets	<u>3,098,537</u>	<u>3,605,823</u>	<u>319,308</u>	<u>1,555,850</u>	<u>(20,000)</u>	<u>8,559,518</u>
LONG-TERM ASSETS						
Property, Plant, and Equipment, Net	467,551	28,243,018	162,799	9,476	-	28,882,844
Other Long-Term Assets	850	-	-	9,766	-	10,616
Total Long-Term Assets	<u>468,401</u>	<u>28,243,018</u>	<u>162,799</u>	<u>19,242</u>	<u>-</u>	<u>28,893,460</u>
Total Assets	<u>\$ 3,566,938</u>	<u>\$ 31,848,841</u>	<u>\$ 482,107</u>	<u>\$ 1,575,092</u>	<u>\$ (20,000)</u>	<u>\$ 37,452,978</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 734,050	\$ 1,042,559	\$ 65,641	\$ 63,965	\$ -	\$ 1,906,215
Intercompany Payable	-	-	20,000	-	(20,000)	-
Deferred Revenue	-	150,214	-	-	-	150,214
Amount Held for Others	43,663	71,311	-	-	-	114,974
Loans Payable, Current Portion	-	201,834	-	-	-	201,834
Total Current Liabilities	<u>777,713</u>	<u>1,465,918</u>	<u>85,641</u>	<u>63,965</u>	<u>(20,000)</u>	<u>2,373,237</u>
LONG-TERM LIABILITIES						
Loan Payable	-	7,527,017	-	1,527,500	-	9,054,517
Total Long-Term Liabilities	<u>-</u>	<u>7,527,017</u>	<u>-</u>	<u>1,527,500</u>	<u>-</u>	<u>9,054,517</u>
Total Liabilities	<u>777,713</u>	<u>8,992,935</u>	<u>85,641</u>	<u>1,591,465</u>	<u>(20,000)</u>	<u>11,427,754</u>
NET ASSETS						
Without Donor Restriction	<u>2,789,225</u>	<u>22,855,906</u>	<u>396,466</u>	<u>(16,373)</u>	<u>-</u>	<u>26,025,224</u>
Total Net Assets	<u>2,789,225</u>	<u>22,855,906</u>	<u>396,466</u>	<u>(16,373)</u>	<u>-</u>	<u>26,025,224</u>
Total Liabilities and Net Assets	<u>\$ 3,566,938</u>	<u>\$ 31,848,841</u>	<u>\$ 482,107</u>	<u>\$ 1,575,092</u>	<u>\$ (20,000)</u>	<u>\$ 37,452,978</u>

See accompanying Notes to Financial Statements.

**YPI CHARTER SCHOOLS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Bert Corona Charter School	Monseñor Oscar Romero Charter School	Bert Corona High School	Learning and Support Center	Eliminations	Total
REVENUES, WITHOUT DONOR RESTRICTION						
State Revenue:						
State Aid	\$ 2,648,132	\$ 2,687,440	\$ 1,769,394	\$ -	\$ -	\$ 7,104,966
Other State Revenue	567,275	402,970	151,221	-	-	1,121,466
Federal Revenue:						
Grants and Entitlements	1,752,401	497,807	206,451	-	-	2,456,659
Local Revenue:						
In-Lieu Property Tax Revenue	1,069,451	1,039,186	550,166	-	-	2,658,803
Contributions	65,186	74,074	31,292	-	-	170,552
Interest Income	92	-	-	54	-	146
Other Revenue	19,175	1,086	210	1,361,010	(1,344,677)	36,804
Total Revenues	<u>6,121,712</u>	<u>4,702,563</u>	<u>2,708,734</u>	<u>1,361,064</u>	<u>(1,344,677)</u>	<u>13,549,396</u>
EXPENSES						
Program Services	5,117,941	3,827,247	2,076,354	-	-	11,021,542
Management and General	1,349,718	1,301,599	647,512	1,377,802	(1,344,677)	3,331,954
Total Expenses	<u>6,467,659</u>	<u>5,129,274</u>	<u>2,724,862</u>	<u>1,377,802</u>	<u>(1,344,677)</u>	<u>14,354,920</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION						
	(345,947)	(426,711)	(16,128)	(16,738)	-	(805,524)
Net Assets - Beginning of Year	<u>3,135,172</u>	<u>23,282,617</u>	<u>412,594</u>	<u>365</u>	<u>-</u>	<u>26,830,748</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,789,225</u></u>	<u><u>\$ 22,855,906</u></u>	<u><u>\$ 396,466</u></u>	<u><u>\$ (16,373)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,025,224</u></u>

See accompanying Notes to Financial Statements.

YPI CHARTER SCHOOLS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Eliminations</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 4,273,074	\$ 1,553,840	\$ -	\$ -	\$ 5,826,914
Pension Expense	627,633	59,544	-	-	687,177
Other Employee Benefits	688,963	257,925	-	-	946,888
Payroll Taxes	110,354	92,289	-	-	202,643
Legal Expenses	-	107,618	-	-	107,618
Accounting Expenses	-	15,135	-	-	15,135
Instructional Materials	812,301	959	-	-	813,260
Other Fees for Services	2,036,022	1,676,158	-	(1,344,677)	2,367,503
Information Technology	-	102,871	-	-	102,871
Advertising and Promotion Expenses	-	21,231	-	-	21,231
Office Expenses	262,093	208,286	-	-	470,379
Occupancy Expenses	881,377	262,501	-	-	1,143,878
Travel and Conference Expense	40,196	16,963	-	-	57,159
Interest Expense	-	77,083	-	-	77,083
Depreciation Expense	1,143,476	9,275	-	-	1,152,751
Insurance Expense	-	79,198	-	-	79,198
Other Expenses	146,053	135,755	1,424	-	283,232
Subtotal	<u>11,021,542</u>	<u>4,676,631</u>	<u>1,424</u>	<u>(1,344,677)</u>	<u>14,354,920</u>
Eliminations	<u>-</u>	<u>(1,344,677)</u>	<u>-</u>	<u>1,344,677</u>	<u>-</u>
Total Functional Expenses	<u>\$ 11,021,542</u>	<u>\$ 3,331,954</u>	<u>\$ 1,424</u>	<u>\$ -</u>	<u>\$ 14,354,920</u>

See accompanying Notes to Financial Statements.

**YPI CHARTER SCHOOLS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

	Bert Corona Charter School	Monseñor Oscar Romero Charter School	Bert Corona High School	Learning and Support Center	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in Net Assets	\$ (345,947)	\$ (426,711)	\$ (16,128)	\$ (16,738)	\$ -	\$ (805,524)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:						
Depreciation	261,361	819,474	62,641	9,275	-	1,152,751
Transfer of Property, Plant, and Equipment	81,300	(81,300)	-	-	-	-
Change in Operating Assets:						
Accounts Receivable - Federal and State	(856,232)	(140,595)	270,576	-	-	(726,251)
Accounts Receivable - Other	(2,822)	698	(33)	-	-	(2,157)
Intercompany Receivable	262,783	-	-	-	(262,783)	-
Prepaid Expenses and Other Assets	331,365	(14,373)	(11,650)	(47,587)	-	257,755
Other Long-Term Assets	(50)	-	-	-	-	(50)
Change in Operating Liabilities:						
Accounts Payable and Accrued Liabilities	536,480	123,053	(50,067)	(23,249)	-	586,217
Intracompany Payable	-	-	(262,783)	-	262,783	-
Deferred Revenue	(338,032)	-	-	-	-	(338,032)
Amounts Held for Others	21,889	4,272	-	-	-	26,161
Capital Lease Payable	(31,367)	(22,405)	-	-	-	(53,772)
Net Cash Provided (Used) by Operating Activities	<u>(79,272)</u>	<u>262,113</u>	<u>(7,444)</u>	<u>(78,299)</u>	<u>-</u>	<u>97,098</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of Property, Plant, and Equipment	(11,846)	(67,941)	(3,905)	-	-	(83,692)
Net Cash Used by Investing Activities	<u>(11,846)</u>	<u>(67,941)</u>	<u>(3,905)</u>	<u>-</u>	<u>-</u>	<u>(83,692)</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Debt	-	-	-	1,527,500	-	1,527,500
Repayments of Debt	-	(92,777)	(50,008)	-	-	(142,785)
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(92,777)</u>	<u>(50,008)</u>	<u>1,527,500</u>	<u>-</u>	<u>1,384,715</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(91,118)	101,395	(61,357)	1,449,201	-	1,398,121
Cash and Cash Equivalents - Beginning of Year	<u>1,417,585</u>	<u>2,788,433</u>	<u>201,140</u>	<u>49,893</u>	<u>-</u>	<u>4,457,051</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,326,467</u>	<u>\$ 2,889,828</u>	<u>\$ 139,783</u>	<u>\$ 1,499,094</u>	<u>\$ -</u>	<u>\$ 5,855,172</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION						
Cash Paid for Interest	<u>\$ 5,684</u>	<u>\$ 69,020</u>	<u>\$ 119</u>	<u>\$ 2,260</u>	<u>\$ -</u>	<u>\$ 77,083</u>

See accompanying Notes to Financial Statements.

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

YPI Charter Schools, Inc. (the School) is a California nonprofit public benefit corporation developed by the Youth Policy Institute (YPI). The School currently manages three charter schools: Bert Corona Charter School, Monseñor Oscar Romero Charter School, and Bert Corona Charter High School. All of these charter schools are funded principally through state of California public education monies received through the California Department of Education and the Los Angeles Unified School District (the District).

The School's vision is to equip urban students in grades 5-12 for academic success and active community participation. The majority of students come from predominantly Latino immigrant families with high poverty levels. The School seeks to close the achievement gap for these students by providing clear and high expectations for all students to achieve a personalized and supportive learning environment that recognizes students' accomplishments, family-school-community partnerships and service, and integrated technology in the classroom.

Basis of Accounting

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

Basis of Presentation

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

Cash and Cash Equivalents

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

YPI CHARTER SCHOOLS, INC.
NOTES TO 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. 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.

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 value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$1,000.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the School. 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.

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.

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (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 (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2020, the School has received conditional grants of \$150,214 that are recognized as deferred revenue in the statement of financial position because conditions have not yet been met. As of June 30, 2020, the School has conditional grants of \$2,316,000 that have not been recognized as revenue in the statement of activities because conditions have not been met.

Income Taxes

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

Change in Accounting Principle

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

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

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

Evaluation of Subsequent Events

The School has evaluated subsequent events through March 25, 2021, the date these financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date as of June 30, 2020 are comprised of the following:

Cash and Cash Equivalents	\$ 5,855,172
Accounts Receivable - Federal and State	2,511,622
Accounts Receivable - Other	7,855
Financial Assets Available for General Expenditure	<u>\$ 8,374,649</u>

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

NOTE 3 CONCENTRATION OF CREDIT RISK

The School maintains its cash and cash equivalents at high-credit quality financial institutions. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. 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 financial statements is presented net of accumulated depreciation. Depreciation expense for the year ended June 30, 2020 was \$1,152,751.

**YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

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

	Bert Corona Charter School	Montsenor Oscar Romero Charter School	Bert Corona High School	Learning and Support Center	Total
Building	\$ 1,449,617	\$ 29,012,417	\$ -	\$ 6,686	\$ 30,468,720
Building Improvements	248,241	-	-	-	248,241
Computer and Equipment	1,082,292	604,396	313,004	39,590	2,039,282
Furniture	38,561	21,317	1,953	-	61,831
Subtotal	2,818,711	29,638,130	314,957	46,276	32,818,074
Less: Accumulated					
Depreciation	(2,351,160)	(1,395,112)	(152,158)	(36,800)	(3,935,230)
Total	<u>\$ 467,551</u>	<u>\$ 28,243,018</u>	<u>\$ 162,799</u>	<u>\$ 9,476</u>	<u>\$ 28,882,844</u>

NOTE 5 EMPLOYEE RETIREMENT

Multiemployer Defined Benefit Pension Plans

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of the State Teachers' Retirement System (STRS).

The risks of participating in this multiemployer defined benefit pension plan are different from single employer plans because: (a) assets contributed to the multiemployer 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 detailed in Teachers' Retirement Law, and (c) if the School chooses to stop participating in the multiemployer 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, 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.

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 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 School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the SIRS 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 School's contributions to STRS for the past three years are as follows:

Year Ended June 30,	Bert Corona Charter School		Monsenor Oscar Romero Charter School		Bert Corona High School	
	Required	Percent	Required	Percent	Required	Percent
	Contribution	Contributed	Contribution	Contributed	Contribution	Contributed
2018	\$ 189,918	100 %	\$ 153,453	100 %	\$ 127,421	100 %
2019	222,069	100 %	193,350	100 %	184,413	100 %
2020	245,692	100 %	209,606	100 %	154,773	100 %

Defined Contribution Plan

The School offers an Internal Revenue Code Section 403(b) retirement plan to each of its qualifying employees. The School matches up to 3% for classified employees. During the year ended June 30, 2020, the School contributed \$72,568 to this plan.

NOTE 6 OPERATING LEASES

Bert Corona Charter School

The School has a lease agreement for Bert Corona Charter School ending in June 2021. Rent expense for the year ended June 30, 2020 under these leases was \$124,150.

Learning and Support Center

The School leases facilities for its learning and support center until August 18, 2021. Rent expense for the year ended June 30, 2020 was \$63,139.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 170,496
2022	7,062
Total	<u>\$ 177,558</u>

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 LINE OF CREDIT

The School has a revolving line of credit with Pacific Western Bank. The line of credit has a principal of \$500,000 with a variable interest rate currently set at 4% annually. The line of credit was renewed until July 26, 2021. There was no outstanding balance as of June 30, 2020.

NOTE 8 DUE TO OTHERS

The School receives contributions for the YPI Parent Group and student groups. The amount of cash held payable to the Parent Group and student groups as of June 30, 2020 was \$114,974.

NOTE 9 LONG-TERM DEBT

Charter School Facilities Program Loan

Monseñor Oscar Romero Charter School was awarded \$15,643,256 through Proposition 1D of which \$7,821,628 was a grant and \$7,821,628 was a long-term debt with an interest rate of 2% per year. The liability is secured by the property acquired and constructed with these funds. Monthly payments of principal and interest began in January 2020 and are expected to be made through January 2049. As of June 30, 2020 the outstanding balance on this loan was \$7,728,851.

Paycheck Protection Program Loan

On April 25, 2020 the School received a loan from Pacific Western Bank in the amount of \$1,527,500 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan "). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within ten months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in August 2021 principal and interest payments will be required through the maturity date in April 2022.

YPI CHARTER SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 LONG-TERM DEBT (CONTINUED)

Principal payments for future years are as follows:

<u>Year Ending June 30.</u>	<u>CSFP</u>	<u>PPP</u>	<u>Total</u>
2021	\$ 201,834	\$ -	\$ 201,834
2022	205,834	1,527,500	1,733,334
2023	209,986	-	209,986
2024	214,222	-	214,222
2025	218,544	-	218,544
Thereafter	6,678,431	-	6,678,431
Total	<u>\$ 7,728,851</u>	<u>\$ 1,527,500</u>	<u>\$ 9,256,351</u>

NOTE 10 CONTINGENCIES, RISKS AND UNCERTAINTIES

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

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

NOTE 11 FUNCTIONALIZED EXPENSES

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

NOTE 12 COMMITMENTS

The School has a co-location facility use agreement for Bert Corona High School with the Los Angeles Unified School District (the District). The total prorata share charge payments made for the year ended June 30, 2020 was \$223,575.

SUPPLEMENTARY INFORMATION

**YPI CHARTER SCHOOLS, INC.
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2020**

YPI Charter Schools, Inc. (the School) was established on November 17, 2003 and is a California nonprofit public benefit corporation. The School operates three sites: Bert Corona Charter School, Monseñor Oscar Romero Charter School, and Bert Corona Charter High, approved by the Los Angeles Unified School District as follows:

- Bert Corona Charter School (charter number 0654) – established in April 2004.
- Monseñor Oscar Romero Charter School (charter number 0931) – established in May 2007.
- Bert Corona Charter High (charter number 1724) – established in 2015.

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

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term (In Years)</u>	<u>Term Expires</u>
Mary Keipp	President	2	June 2021
Michael Green	Treasurer	2	June 2021
Sandra Mendoza	Secretary	2	June 2022
Walter Njboke	Member	2	June 2022
Dean Cho	Member	2	June 2022
Cesar Lopez	Member	2	June 2021

ADMINISTRATORS

Yvette King Berg	Executive Director
Ruben Dueñas	Chief Operating Officer/Executive Administrator

YPI CHARTER SCHOOLS, INC.
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Instructional Minutes		Credited Minutes: COVID-19 School Closure Certification	Total Actual Plus Credited Minutes	Traditional Instructional Days	Credited Minutes: COVID-19 School Closure Certification	Total Actual Plus Credited Minutes	Status
	Requirement	Actual						
Bert Corona Charter School:								
Grade 5	54,000	46,756	19,708	66,464	124	54	178	In Compliance
Grade 6	54,000	46,750	19,704	66,454	124	54	178	In Compliance
Grade 7	54,000	46,750	19,704	66,454	124	54	178	In Compliance
Grade 8	54,000	46,756	19,708	66,464	124	54	178	In Compliance
Monseñor Oscar Romero Charter School:								
Grade 6	54,000	47,550	19,708	67,258	126	54	180	In Compliance
Grade 7	54,000	47,550	19,708	67,258	126	54	180	In Compliance
Grade 8	54,000	47,550	19,708	67,258	126	54	180	In Compliance
Bert Corona Charter High School:								
Grade 9	64,800	44,960	19,960	64,920	124	54	178	In Compliance
Grade 10	64,800	44,960	19,960	64,920	124	54	178	In Compliance
Grade 11	64,800	44,960	19,960	64,920	124	54	178	In Compliance
Grade 12	64,800	44,960	19,960	64,920	124	54	178	In Compliance

YPI CHARTER SCHOOLS, INC.
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Second Period Report		Annual Report	
	Classroom Based	Total	Classroom Based	Total
Bert Corona Charter School:				
Grades 5-6	135.77	135.77	135.77	135.77
Grades 7-8	218.50	218.50	218.50	218.50
Subtotal	354.27	354.27	354.27	354.27
Monseñor Oscar Romero Charter School:				
Grades 6	112.57	112.57	112.57	112.57
Grades 7-8	232.50	232.50	232.50	232.50
Subtotal	345.07	345.07	345.07	345.07
Bert Corona Charter High School:				
Grades 9-12	181.14	181.14	181.14	181.14
Subtotal	181.14	181.14	181.14	181.14
ADA Totals	880.48	880.48	880.48	880.48

YPI CHARTER SCHOOLS, INC.
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	<u>Bert Corona Charter School</u>	<u>Monseñor Oscar Romero Charter School</u>	<u>Bert Corona Charter High School</u>
June 30, 2020 Annual Financial Report Fund Balances (Net Assets)	\$ 2,789,225	\$ 22,855,906	\$ 396,466
Adjustments and Reclassifications:			
Increase (Decrease) of Fund Balance (Net Assets):			
Cash and Cash Equivalents	-	85	-
Prepaid Expenses and Other Assets	5,059	-	(5,160)
Accounts Payable and Accrued Liabilities	<u>(5,059)</u>	<u>(85)</u>	<u>5,160</u>
Net Adjustments and Reclassifications	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2020 Audited Financial Statement Fund Balances (Net Assets)	<u>\$ 2,789,225</u>	<u>\$ 22,855,906</u>	<u>\$ 396,466</u>

YPI CHARTER SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Bert Corona Charter School	Monseñor Oscar Romero Charter School	Bert Corona High School	Total
U.S. Department of Education						
Pass-Through Program from California						
Department of Education:						
Title I, Part A	84.010	14981	\$ 135,044	\$ 150,638	\$ 73,817	\$ 359,499
Title II, Part A, Teacher Quality	84.367	14341	16,675	17,693	10,914	45,282
Title III, Limited English Proficient Student Program	84.365	14346	9,634	10,077	3,765	23,476
Title IV, Part A, Student Support and Academic Enrichment	84.424A	N/A	10,074	11,237	10,000	31,311
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	N/A	1,317,273	-	-	1,317,273
Special Education Cluster	84.027	13379	72,813	70,922	37,230	180,965
<i>Total U.S. Department of Education</i>			<u>1,561,513</u>	<u>260,567</u>	<u>135,726</u>	<u>1,957,806</u>
U.S. Department of Agriculture						
Pass-Through Program from California						
Department of Education:						
Child Nutrition Program Cluster:						
Especially Needy Breakfast Program	10.553	13526	71,652	89,051	26,548	187,251
National School Lunch Program	10.555	23165	110,207	136,698	44,177	291,082
Meal Supplements	10.555	13755	9,029	11,491	-	20,520
<i>Total U.S. Department of Agriculture</i>			<u>190,888</u>	<u>237,240</u>	<u>70,725</u>	<u>498,853</u>
Total Federal Expenditures			<u>\$ 1,752,401</u>	<u>\$ 497,807</u>	<u>\$ 206,451</u>	<u>\$ 2,456,659</u>

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

YPI CHARTER SCHOOLS, INC.
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020

PURPOSE OF SCHEDULES

NOTE 1 SCHEDULE OF INSTRUCTIONAL TIME

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the corresponding provisions of the 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 financial statements.

NOTE 4 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 5 INDIRECT COST

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



CliftonLarsonAllen LLP
CLAconnect.com

**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
YPI Charter Schools, Inc.
Granada Hills, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of YPI Charter Schools, Inc. (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows, for the year then ended, the related notes to the financial statements, and have issued our report thereon dated March 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 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.



CliftonLarsonAllen LLP

Glendora, California
March 25, 2021



CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Directors
YPI Charter Schools, Inc.
Granada Hills, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

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

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.

Purpose of this Report

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
March 25, 2021



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Directors
YPI Charter Schools, Inc.
Granada Hills, California

We have audited YPI Charter Schools, Inc.'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
Before and After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes

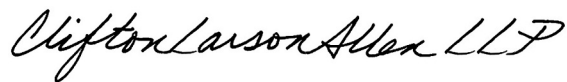
<u>Description</u>	<u>Procedures Performed</u>
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based Charter Schools:	Not Applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	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
March 25, 2021

**YPI CHARTER SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ 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)

84.334A

Name of Federal Program or Cluster

Gaining Early Awareness and Readiness for Undergraduate Programs

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

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**YPI CHARTER SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
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: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

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).

Findings and Questioned Costs – State Compliance

Our audit did not disclose any matters required to be reported in accordance with the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**YPI CHARTER SCHOOLS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

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

