

March 19, 2021

To the Board of Directors of  
El Camino Real Charter High School  
Woodland Hills, California

We have audited the financial statements of El Camino Real Charter High School for the year ended June 30, 2020, and we will issue our report thereon dated March 19, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 3, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by El Camino Real Charter High School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2019-20 fiscal year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciation expense and its impact on accumulated depreciation is based on estimated useful lives of the fixed assets previously purchased. Additionally, management's estimate on the postretirement benefit obligation is based on an actuarial study. We evaluated the key factors and assumptions related to capital assets as well as reviewed the independently prepared annual actuarial report used to develop the estimate in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure on postemployment benefits liability in Notes 6 and 10 to the financial statements. The postemployment benefit obligation net of plan assets amounts to a significant amount; roughly \$16.4 million. This liability is determined by an annual actuarial study and has increased by almost \$3.7 million due to a number of factors such as number of eligible participants and other methods and assumptions.

The disclosure on subsequent events in Note 14 to the financial statements. Uncertainty regarding the impact of the ongoing coronavirus pandemic on school operations.

The financial statement disclosures are neutral, consistent, and clear.

## **Significant Audit Matters (continued)**

### **Difficulties Encountered in Performing the Audit**

In order to overcome site visit limitations caused by the coronavirus pandemic, our firm applied remote auditing techniques. Although there may have been understandable delays in obtaining certain audit requests, we encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

Recording of State on-behalf contributions of \$1,852,355 to the CalSTRS retirement plan. Because the entry is a non-cash transaction with no impact on ending net assets, the Organization does not typically record this entry and relies on the audit adjustment.

Recording of federal revenue and a receivable for \$593,260 attributed to the new Coronavirus Relief Fund: Learning Loss Mitigation funding that allowed for expensing of allowable costs from March to June 2020.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 19, 2021.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Other Matters (continued)**

This information is intended solely for the use of the Board of Directors and management of El Camino Real Charter High School and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Christy White, Inc.*

Christy White, Inc.  
San Diego, California