

EL CAMINO REAL ALLIANCE

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2021**

**A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL**

El Camino Real Charter High School (Charter No. 1314)

EL CAMINO REAL ALLIANCE
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
El Camino Real Alliance
Woodland Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of El Camino Real Alliance dba El Camino Real Charter High School (the "Charter") which comprise the statement of financial position as of June 30, 2021, 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.

Auditor's 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 from 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 auditor's 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 above present fairly, in all material respects, the financial position of El Camino Real Alliance as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited El Camino Real Alliance's 2020 financial statements, and expressed an unmodified opinion on those audited financial statements in our report dated March 19, 2021. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 our report dated January 27, 2022, on our consideration of the Charter'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 of the Charter'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 Charter's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
January 27, 2022

EL CAMINO REAL ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 23,785,106	\$ 7,035,316
Investments	750,000	6,246,791
Accounts receivable	3,321,894	4,342,430
Prepaid expenses	88,812	842,971
Inventory	87,739	-
Total current assets	<u>28,033,551</u>	<u>18,467,508</u>
Capital assets		
Property and equipment	9,132,845	9,061,117
Less accumulated depreciation	(2,769,189)	(2,396,605)
Capital assets, net	<u>6,363,656</u>	<u>6,664,512</u>
Total Assets	<u>\$ 34,397,207</u>	<u>\$ 25,132,020</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 2,309,749	\$ 2,531,144
Deferred revenue	758,556	185,500
Postemployment benefits liability, net	11,447,081	16,387,765
Total liabilities	<u>14,515,386</u>	<u>19,104,409</u>
Net assets		
Without donor restrictions	<u>19,881,821</u>	<u>6,027,611</u>
Total net assets	<u>19,881,821</u>	<u>6,027,611</u>
Total Liabilities and Net Assets	<u>\$ 34,397,207</u>	<u>\$ 25,132,020</u>

The notes to the financial statements are an integral part of this statement.

**EL CAMINO REAL ALLIANCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	<u>2021</u>	<u>2020</u>
SUPPORT AND REVENUES		
Federal and state support and revenues		
Local control funding formula, state aid	\$ 24,287,868	\$ 24,677,535
Federal revenues	6,611,291	2,093,742
Other state revenues	7,544,081	5,562,474
Total federal and state support and revenues	<u>38,443,240</u>	<u>32,333,751</u>
Local support and revenues		
Payments in lieu of property taxes	9,907,509	9,873,090
Student body activities	165,950	1,989,279
Food service sales	-	234,586
Investment income, net	4,969,157	2,887
Other local revenues	220,840	280,234
Total local support and revenues	<u>15,263,456</u>	<u>12,380,076</u>
Total Support and Revenues	<u>53,706,696</u>	<u>44,713,827</u>
 EXPENSES		
Program services	32,016,402	37,232,330
Management and general	7,836,084	9,176,548
Total Expenses	<u>39,852,486</u>	<u>46,408,878</u>
 CHANGE IN NET ASSETS	13,854,210	(1,695,051)
 Net Assets - Beginning	<u>6,027,611</u>	<u>7,722,662</u>
 Net Assets - Ending	<u>\$ 19,881,821</u>	<u>\$ 6,027,611</u>

The notes to the financial statements are an integral part of this statement.

**EL CAMINO REAL ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Program Services	Management and General	Total	Total
EXPENSES				
Personnel expenses				
Certificated salaries	\$ 14,535,312	\$ 966,947	\$ 15,502,259	\$ 15,435,119
Non-certificated salaries	2,710,725	1,596,162	4,306,887	4,370,408
Pension contributions	4,437,371	-	4,437,371	5,052,593
Postretirement benefits	2,712,003	-	2,712,003	6,352,173
Payroll taxes	730,650	-	730,650	785,961
Other employee benefits	3,577,965	-	3,577,965	3,766,524
Total personnel expenses	<u>28,704,026</u>	<u>2,563,109</u>	<u>31,267,135</u>	<u>35,762,778</u>
Non-personnel expenses				
Books and supplies	1,262,564	779,594	2,042,158	2,685,766
Insurance	-	347,866	347,866	219,161
Facilities	838,294	279,431	1,117,725	1,760,593
Professional services	153,300	3,054,475	3,207,775	3,808,600
Depreciation	376,445	125,481	501,926	509,750
Fees to authorizing agency	654,298	343,743	998,041	935,803
Other operating expenses	27,475	342,385	369,860	726,427
Total non-personnel expenses	<u>3,312,376</u>	<u>5,272,975</u>	<u>8,585,351</u>	<u>10,646,100</u>
Total Expenses - 2021	<u>\$ 32,016,402</u>	<u>\$ 7,836,084</u>	<u>\$ 39,852,486</u>	
Total Expenses - 2020	<u>\$ 37,232,330</u>	<u>\$ 9,176,548</u>		<u>\$ 46,408,878</u>

The notes to the financial statements are an integral part of this statement.

EL CAMINO REAL ALLIANCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,854,210	\$ (1,695,051)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Noncash items		
Depreciation	501,926	509,750
Forgiveness of PPP loan - cancellation of debt	(3,815,700)	-
Postretirement actuarial (gain)/loss	416,126	(3,690,060)
Unrealized (gain)/loss on investments	-	160,132
(Increase) decrease in operating assets		
Accounts receivable	1,020,536	(728,963)
Prepaid expenses	754,159	59,874
Inventory	(87,739)	-
Increase (decrease) in operating liabilities		
Accounts payable	(221,395)	(190,386)
Deferred revenue	573,056	(219,454)
Postemployment benefits liability	(5,356,810)	7,381,111
Net cash provided by (used in) operating activities	<u>7,638,369</u>	<u>1,586,953</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	5,496,791	377,124
Purchase of capital assets	(201,070)	-
Net cash provided by (used in) investing activities	<u>5,295,721</u>	<u>377,124</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	3,815,700	-
Net cash provided by (used in) financing activities	<u>3,815,700</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,749,790	1,964,077
Cash and cash equivalents - Beginning	<u>7,035,316</u>	<u>5,071,239</u>
Cash and cash equivalents - Ending	<u>\$ 23,785,106</u>	<u>\$ 7,035,316</u>
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

El Camino Real Alliance (the “Charter”) was formed as a nonprofit public benefit corporation on November 2, 2010 for the purpose of operating as El Camino Real Charter High School, a California public school, located in Los Angeles County. El Camino Real Charter High School was numbered by the State Board of Education in May 2011 as California Charter No. 1314. The Charter’s mission is to prepare its diverse student body for the next phase of their educational, professional, and personal journey through a rigorous, customized academic program that inspires the development of students’ unique talents and skills, builds character, and provides opportunities for civic engagement and real-world experiences. El Camino Real Charter High School first began school operations in July 2011 and currently serves grades 9 to 12.

El Camino Real Charter High School is authorized to operate as a charter school through the Los Angeles Unified School District (“LAUSD” or the “authorizing agency”). In September 2015, the Board of Directors of LAUSD approved a charter petition for a five-year term beginning July 1, 2016 and expiring on June 30, 2021. On December 8, 2020, the Board of Directors of LAUSD approved the charter petition renewal for a five-year term beginning July 1, 2021 and expiring on June 30, 2026. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

B. Basis of Accounting

The Charter’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

C. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective July 1, 2018. Under the Guide, El Camino Real Alliance is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

As a public charter school, El Camino Real Alliance also accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is not used in the Charter’s financial statement presentation.

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Comparative Totals

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Charter's audited financial statements for the year ended June 30, 2020, from which the information was derived.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

F. Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management's estimates.

G. Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

H. In Lieu of Property Taxes Revenue

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to El Camino Real Alliance. Revenues are recognized by the Charter when earned.

I. Cash and Cash Equivalents

El Camino Real Alliance considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Investments

The Charter's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

K. Receivables and Allowances

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions. Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2021, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

L. Capital Assets

El Camino Real Alliance has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

M. Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

N. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

O. Income Taxes

The Charter's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Charter's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

**EL CAMINO REAL ALLIANCE
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2021**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Income Taxes (continued)

El Camino Real Alliance is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Charter is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, the Charter is not required to register with the California Attorney General as a charity.

P. New Accounting Pronouncement

Leases

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021. The Charter will determine the impact on the financial statements once required to implement in the 2022-23 fiscal year.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2021, consists of the following:

Cash in county treasury	\$ 6,177,787
Cash in banks, interest bearing	10,602,140
Cash in banks, non-interest bearing	6,997,064
Cash on hand or awaiting deposit	8,115
Total Cash and Cash Equivalents	<u>\$ 23,785,106</u>

Cash in Banks – Custodial Credit Risk

As of June 30, 2021, \$9,963,231 of the El Camino Real Alliance’s bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks. Custodial credit risk is the risk that in the event of a bank failure, an organization’s deposits may not be returned to it. El Camino Real Alliance does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank.

Cash in County Treasury

Policies and Practices

El Camino Real Alliance is a voluntary participant in an external investment pool. The 2020-21 fiscal year was the first year that the Charter opted to participate in this investment pool. The fair value of the Charter’s investment in the pool is reported in the financial statements at amounts based upon the Charter’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio in relation to the amortized cost of that portfolio. The balance available for withdrawal is recorded on the amortized cost basis and is based on the accounting records maintained by the County Treasurer.

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Cash in County Treasury (continued)

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Charter funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the California Government Code:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in the market interest rates. The Charter has managed its exposure to interest rate risk by investing in the County Treasury. The Charter's investments in the Los Angeles County Investment Pool, which combines the Charter's share of the portfolio, has a combined fair value of \$6,143,126 and an amortized book value of \$6,177,787 as of June 30, 2021. The average weighted maturity for this pool is 1,045 days.

Fair Value Measurement

Investments in the Los Angeles County Treasury investment pool are not measured using the fair value input levels noted in Note 1N because the Charter's transactions are based on a stable net asset value per share. All contributions and redemptions are transactions at \$1.00 net asset value per share.

NOTE 3 – INVESTMENTS

Investments as of June 30, 2021 consist of \$750,000 held in fixed annuities. The table on the next page provides a description and sets forth, by level within the fair value hierarchy explained in Note 1N, the Charter's investments as of June 30, 2021.

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 3 – INVESTMENTS (continued)

	Market Value	Fair Value Hierarchy			At Cost
		Level 1	Level 2	Level 3	
Fixed annuities	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ 750,000
Total Investments	\$ 750,000	\$ 750,000	\$ -	\$ -	\$ 750,000

The Charter also holds \$21,250,357 in investment accounts that are considered trust or plan assets associated with the Charter's postemployment benefit plan. Refer to Note 10 for additional information.

Net investment income for the year ended June 30, 2021 was as follows:

Interest and dividends	\$ 556,552
Realized gain/(loss)	4,482,715
Investment expenses	(70,110)
Net Investment Income	\$ 4,969,157

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021, consists of the following:

Local control funding sources, state aid	\$ 2,288,107
Federal sources	135,410
Other state sources	234,421
In-lieu property taxes	295,596
Other local sources	368,360
Total Accounts Receivable	\$ 3,321,894

NOTE 5 – CAPITAL ASSETS

A summary of activity related to capital assets during the year ended June 30, 2021 consists of the following:

	Balance		Additions	Disposals	Balance	
	July 1, 2020				June 30, 2021	
Property and equipment						
Land	\$ 2,019,964	\$ -	\$ -	\$ -	\$ 2,019,964	
Buildings	3,559,839	39,792	-	-	3,599,631	
Leasehold improvements	1,786,367	55,627	1,784		1,840,210	
Furniture and equipment	1,691,747	108,851	127,558		1,673,040	
Construction in progress	3,200	-	3,200		-	
Total property and equipment	9,061,117	204,270	132,542		9,132,845	
Less accumulated depreciation	(2,396,605)	(501,926)	(129,342)		(2,769,189)	
Capital Assets, net	\$ 6,664,512	\$ (297,656)	\$ 3,200	\$	\$ 6,363,656	

There were purchases of capital assets for \$204,270 and disposals of capital assets for \$129,342 during the fiscal year ended June 30, 2021. Additionally, \$3,200 of construction in progress was completed and transferred to a depreciable asset category (buildings and/or leasehold improvements). Depreciation expense for the year was \$501,926.

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 6 – LIABILITIES

Accounts Payable

Accounts payable as of June 30, 2021, consists of the following:

Accrued salaries and benefits	\$	822,273
Vendor payables		672,798
Compensated absences		232,691
Due to student groups		365,323
Due to authorizing agency		216,664
Total Accounts Payable	\$	<u>2,309,749</u>

Deferred Revenue

Deferred revenues as of June 30, 2021, consists of \$758,556 in local sources.

Postemployment Benefits Liability, Net

Refer to Note 10 for additional information regarding the Charter’s postemployment benefits plan. A summary of the net change and components related to the net postemployment benefit liability during the year ended June 30, 2021 consists of the following:

	Balance July 1, 2020	Net Change	Balance June 30, 2021
Postemployment benefit obligation	\$ 30,327,976	\$ 2,369,462	\$ 32,697,438
Fair value of plan assets	(13,940,211)	(7,310,146)	(21,250,357)
Net Postemployment Benefits Liability	\$ 16,387,765	\$ (4,940,684)	\$ 11,447,081

NOTE 7 – NET ASSETS

At June 30, 2021, the Charter did not hold any net assets with donor restrictions. Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Charter. At June 30, 2021, the Charter’s net assets without donor restrictions consist of the following:

Net investment in capital assets	\$	6,363,656
Undesignated		13,518,165
Total Net Assets without Donor Restrictions	\$	<u>19,881,821</u>

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Charter’s financial assets as of June 30, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. The Charter maintains a line of credit (as mentioned in Note 12) which could be drawn upon to ensure financial assets are available as general expenditures and other obligations become due.

Financial assets	
Cash and cash equivalents	\$ 23,785,106
Investments, at cost	750,000
Accounts receivable	3,321,894
Prepaid expenses	88,812
Inventory	87,739
Total Financial Assets, excluding noncurrent	<u>\$ 28,033,551</u>
Financial Assets available to meet cash needs	
for expenditures within one year	<u>\$ 28,033,551</u>

NOTE 9 – PAYCHECK PROTECTION PROGRAM (PPP)

On July 28, 2020, the Charter received a loan in the amount of \$3,815,700 under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). The PPP, established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times their average monthly payroll expenses. Under the terms of the PPP, the full loan and any accrued interest may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Charter applied for forgiveness with the lender and received full forgiveness from the SBA. The amount of loan forgiveness is presented as a component of federal support and revenues on the statement of activities.

NOTE 10 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiemployer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code 47605*, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Charter has made such election. Certificated employees are members of the California State Teachers’ Retirement System (CalSTRS), and non-certificated employees are members of the California Public Employees’ Retirement System (CalPERS).

California State Teachers’ Retirement System (CalSTRS)

Plan Description

El Camino Real Charter High School contributes to the California State Teachers’ Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 10 – EMPLOYEE RETIREMENT PLANS (continued)

California State Teachers’ Retirement System (CalSTRS) (continued)

Funding Policy

Active plan members are required to contribute 10.25% or 10.205% of their 2020-21 salary depending on the employee’s membership date in the plan. The required employer contribution rate for fiscal year 2020-21 was 16.15% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter’s contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2020-21	\$ 2,265,976	100%
2019-20	\$ 2,508,706	100%
2018-19	\$ 2,399,335	100%

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for El Camino Real Alliance is estimated at \$1,470,545. The on-behalf payment amount is computed as the proportionate share of total 2019-20 State on-behalf contributions.

California Public Employees’ Retirement System (CalPERS)

Plan Description

El Camino Real Alliance contributes to the School Employer Pool under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-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. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, California 95814.

Funding Policy

Active plan members, who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees’ Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

El Camino Real Alliance is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2020-21 was 20.70% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter’s contributions to CalPERS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2020-21	\$ 700,850	100%
2019-20	\$ 691,532	100%
2018-19	\$ 620,866	100%

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – POSTEMPLOYMENT BENEFIT PLAN

As previously mentioned in Note 6, El Camino Real Alliance holds a liability associated with a postretirement benefit plan amounting to a net balance of \$11,447,081 as of June 30, 2021. There was a net decrease in the liability of \$4,940,684 from the beginning balance of \$16,387,765. The total liability is offset by investments maintained by the Charter and specifically held to fund the postretirement benefit plan.

Plan Description

El Camino Real Alliance sponsors a postemployment benefit plan to provide postemployment healthcare benefits (medical, dental, and vision) to eligible retirees and eligible covered spouses and pays a portion of the cost. All active employees that retire directly from El Camino Real Alliance and meet eligibility criteria may participate. The Charter accrues actuarially determined costs ratably to the date an employee becomes eligible for such benefits.

Eligibility Criteria

Benefits provided depend on the specific eligibility criteria in two categories: pre-charter and post-charter employees. Dependent coverage for spouses is also provided for those eligible employees. Eligibility criteria is as follows:

Pre-Charter Employee

- Hired prior to April 1, 2009
 Rule of 80: Sum of age plus service equal to or greater than 80, with minimum 15 years of service
- Hired after April 1, 2009
 Rule of 85: Sum of age plus service equal to or greater than 85, with minimum 25 years of service
- Exception for those not retiring under CalSTRS/CalPERS
 Age 63 and minimum of 10 years of service

Post-Charter Employee

- Hired after July 1, 2011 but prior to July 1, 2018
 Rule of 85: Sum of age plus service equal to or greater than 85, with minimum 25 years of service
- Exception for those not retiring under CalSTRS/CalPERS
 Age 63 and minimum of 10 consecutive years of service if hired before July 1, 2016, and 15 consecutive years otherwise
- Hired on or after July 1, 2018
 Age 62 and 25 years of service

Actuarial Methods and Assumptions

The total defined benefit plan obligation in the June 30, 2021 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2021
Accounting Standard	FASB ASC 715
Discount Rate	2.95%
Actuarial Cost Method	Projected Unit Credit
Medical Cost Trend	5.20%
Dental and Vision Cost Trend	5.00%
Expected Rate of Return	5.00%

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – POSTEMPLOYMENT BENEFIT PLAN (continued)

Postemployment Benefit Plan

The following information related to El Camino Real Alliance’s postretirement benefit plan is contained in the actuarial valuation as of June 30, 2021. The Charter will obtain a new valuation every year.

	<u>June 30, 2021</u>
Total Postemployment Benefit Plan Liability	
Service cost	\$ 2,267,724
Interest cost	865,758
Actuarial loss/(gain)	(416,126)
Benefits payments	<u>(347,894)</u>
Net change	2,369,462
Total liability - beginning	<u>30,327,976</u>
Total liability - ending (a)	<u>\$ 32,697,438</u>
 Trust Assets	
Contributions - employer	\$ 2,640,000
Actual return on assets	<u>4,670,146</u>
Net change	7,310,146
Trust assets - beginning	<u>13,940,211</u>
Trust assets - ending (b)	<u>\$ 21,250,357</u>
 Net defined benefit plan liability - ending (a) - (b)	<u>\$ 11,447,081</u>
 Balance of trust assets as a percentage of the total defined benefit plan liability	 65%

El Camino Real Alliance is expected to contribute \$2,640,000 to the trust for the fiscal year ending June 30, 2021. Estimated future benefit payments for the next ten fiscal years are as follows:

<u>Year Ended June 30,</u>	<u>Benefit Payments</u>
2022	\$ 371,324
2023	391,917
2024	414,895
2025	425,348
2026	462,989
2027 - 2031	<u>2,557,635</u>
Total	<u>\$ 4,624,108</u>

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – POSTEMPLOYMENT BENEFIT PLAN (continued)

Fair Value of Plan Assets

In accordance with FASB ASC No. 715-60, *Defined Benefit Plans – Other Postretirement*, the Charter has recognized the funded status of its postemployment retirement plan and measured the plan as the difference between fair value of plan assets and the accumulated postretirement benefit obligation. As mentioned in Note 3 covering investments, the Charter holds \$21,250,357 in investment accounts that are specifically earmarked as trust or plan assets for the postemployment benefit plan. The following table provides a description and sets forth, by level within the fair value hierarchy explained in Note 1N, the Charter’s trust assets as of June 30, 2021.

	Market Value	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Cash, money funds, and bank deposits	\$ 277,084	\$ 277,084	\$ -	\$ -
Equity securities	14,438,676	13,619,440	135,101	684,135
Mutual funds	1,915,700	1,915,700	-	-
Exchange traded products	4,618,897	-	4,618,897	-
Total Trust Assets	\$ 21,250,357	\$ 15,812,224	\$ 4,753,998	\$ 684,135

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, El Camino Real Charter High School is approved to operate as a public charter school through authorization by the Los Angeles Unified School District. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

Governmental Funds

El Camino Real Alliance 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 expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

Multiemployer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Charter’s voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Charter to make payments to the plan, which would approximate the Charter’s proportionate share of the multiemployer plan’s unfunded vested liabilities. CalSTRS has estimated that the Charter’s share of withdrawal liability is approximately \$25,206,751 as of June 30, 2020, the date of the most recent actuarial study. Also, as of June 30, 2020, CalPERS has estimated the Charter’s share of withdrawal liability to be \$7,269,326. The Charter does not currently intend to withdraw from CalSTRS or CalPERS. Refer to Note 10 for additional information on employee retirement plans.

Line of Credit

El Camino Real Alliance obtained a line of credit with City National Bank in the amount of \$5,000,000. The Charter grants City National Bank a continuing lien and security interest in any and all deposits for full and punctual payments. The Charter had no outstanding loan payable under the line of credit as of June 30, 2021.

EL CAMINO REAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)

Pending or Threatened Litigation

The Charter may be involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Charter at June 30, 2021 or the likelihood of a favorable or unfavorable outcome is unable to be evaluated at this time.

NOTE 13 – DONATED GOODS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to El Camino Real Alliance in an effort to advance the Charter's programs and objectives. These services have not been recorded in the Charter's financial statements because they do not meet the criteria required by generally accepted accounting principles.

NOTE 14 – RELATED PARTY TRANSACTIONS

The Charter makes payments to the authorizing agency, LAUSD, to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of 1% of revenue from local control funding formula sources. Total fees for oversight amounted to \$343,743 and total fees for special education and other services amounted to \$654,298 for the fiscal year ending June 30, 2021.

NOTE 15 – SUBSEQUENT EVENTS

El Camino Real Alliance has evaluated subsequent events for the period from June 30, 2021 through January 27, 2022, the date the financial statements were available to be issued. Management did not identify any transactions or events that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION

**EL CAMINO REAL ALLIANCE
LEA ORGANIZATION STRUCTURE
JUNE 30, 2021**

El Camino Real Alliance, located in Los Angeles County, was formed as a nonprofit public benefit corporation on November 2, 2011 to operate as a public charter school, El Camino Real Charter High School. El Camino Real Charter High School was numbered by the State Board of Education in May 2011 as Charter No. 1314. The Charter is authorized to operate with a petition approved by the Los Angeles Unified School District. During 2020-21, the Charter served approximately 3,630 students in grades 9 to 12.

BOARD OF DIRECTORS

<u>Name</u>	<u>Office / Representation</u>	<u>Term Expiration</u>
Beatriz Chen	Chair / Community Rep.	June 30, 2021
Brian Archibald	Vice-Chair / Community Rep.	June 30, 2022
Jeff Davis	Secretary / Parent Rep.	June 30, 2021
Linda Ibach	Director / Teacher Rep.	June 30, 2023
Steve Kofahl	Director / Teacher Rep.	June 30, 2023
Kenneth Lee	Director / Classified Rep.	June 30, 2021
Scott Silverstein	Director / Teacher Rep.	June 30, 2022
Brad Wright	Director / Community Rep.	June 30, 2022
John Perez	Director / District Rep.	June 30, 2023

ADMINISTRATION

David Hussey
Executive Director

Gregory Wood
Chief Business Officer

See accompanying notes to the supplementary information.

**EL CAMINO REAL ALLIANCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 385,908
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	77,988
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	28,053
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	687,996
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	18,609
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	264,318
Subtotal Education Stabilization Fund Discretionary Grants			<u>282,927</u>
Total U. S. Department of Education			<u>1,462,872</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	153,305
National School Lunch Program	10.555	13391	303,989
Subtotal Child Nutrition Cluster			<u>457,294</u>
Total U. S. Department of Agriculture			<u>457,294</u>
U. S. DEPARTMENT OF DEFENSE:			
<i>Passed through California Department of Education:</i>			
ROTC Language and Culture Training Grants	12.357	*	93,125
Total U. S. Department of Defense			<u>93,125</u>
U. S. DEPARTMENT OF THE TREASURY:			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	782,300
Total U. S. Department of the Treasury			<u>782,300</u>
Total Federal Expenditures			<u>\$ 2,795,591</u>

* - Pass-Through Entity Identifying Number not available or not applicable

The following schedule provides a reconciliation between revenues reported on the statement of activities and the related expenditures reported on the schedule of expenditures of Federal awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2021 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2021.

	<u>AL Number</u>	<u>Amount</u>
Total Federal Revenues reported in the Statement of Activities		\$ 6,611,291
SBA: Paycheck Protection Program (PPP)	59.073	<u>(3,815,700)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 2,795,591</u>

See accompanying notes to the supplementary information.

**EL CAMINO REAL ALLIANCE
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Grade Span</u>	2020-21 Number of Days	<u>Status</u>
Grades 9 through 12	180	Complied

See accompanying notes to the supplementary information.

**EL CAMINO REAL ALLIANCE
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021**

June 30, 2021, net position reported for the Charter Schools Enterprise Fund on the Annual Financial and Budget Report (Unaudited Actuals)	<u>\$ 16,072,705</u>
Adjustments:	
Increase (decrease) in total net assets:	
Fixed asset adjustments	(6,584)
Write-off of PPP loan due to forgiveness	<u>3,815,700</u>
Net adjustments	<u>3,809,116</u>
June 30, 2021, net assets per audited financial statements	<u>\$ 19,881,821</u>

See accompanying notes to the supplementary information.

**EL CAMINO REAL ALLIANCE
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – PURPOSE OF SCHEDULES

A. LEA Organization Structure

This schedule provides information about the local education agency (LEA or charter school), including the Charter's authorizing agency, grades served, members of the governing body, and members of the administration.

B. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Charter has not elected to use the 10 percent de minimis indirect cost rate.

C. Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the El Camino Real Charter High School and whether the Charter complied with the provisions of *Education Code Section 47612*.

D. Reconciliation of Annual Financial and Budget Report (Unaudited Actuals) with Audited Financial Statements

This schedule provides the information necessary to reconcile net position reported for the Charter Schools Enterprise Fund on the Annual Financial and Budget Report (Unaudited Actuals) to net assets on the audited financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS

**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**Independent Auditors' Report

To the Board of Directors of
El Camino Real Alliance
Woodland Hills, California

We have audited, 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, the financial statements of El Camino Real Alliance (the "Charter") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated January 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter'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 Charter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's 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 Charter'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 Charter'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 Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 27, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

To the Board of Directors of
El Camino Real Alliance
Woodland Hills, California

Report on Compliance for Each Major Federal Program

We have audited El Camino Real Alliance's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Camino Real Alliance's major federal programs for the year ended June 30, 2021. El Camino Real Alliance's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of El Camino Real Alliance'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 El Camino Real Alliance'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 El Camino Real Alliance's compliance.

Opinion on Each Major Federal Program

In our opinion, El Camino Real Alliance complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of El Camino Real Alliance 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 El Camino Real Alliance'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 El Camino Real Alliance'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 in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 27, 2022

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

To the Board of Directors of
El Camino Real Alliance
Woodland Hills, California

Report on State Compliance

We have audited El Camino Real Alliance's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of El Camino Real Alliance's state programs for the fiscal year ended June 30, 2021, as identified below. Reference to El Camino Real Alliance within this letter is inclusive of El Camino Real Charter High School (No. 1314).

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of El Camino Real Alliance's state 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 the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810. Those standards 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 the state programs noted below. An audit includes examining, on a test basis, evidence about El Camino Real Alliance'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 with the requirements referred to above. However, our audit does not provide a legal determination of El Camino Real Alliance's compliance with those requirements.

Opinion on State Compliance

In our opinion, El Camino Real Alliance complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the following table for the year ended June 30, 2021.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine El Camino Real Alliance’s compliance with the state laws and regulations applicable to the following:

Description	Procedures Performed
Local Education Agencies	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Not applicable
Kindergarten Continuance	Not applicable
Instructional Time	Yes
Instructional Materials	Not applicable
Ratio of Administrative Employees to Teachers	Not applicable
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive	Not applicable
GANN Limit Calculation	Not applicable
School Accountability Report Card	Not applicable
K-3 Grade Span Adjustment	Not applicable
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Not applicable
District of Choice	Not applicable
School Districts, County Offices of Education and Charter Schools	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools	
Independent Study – Course Based	Not applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Charter School Facility Grant Program	Not applicable

Christy White, Inc.

San Diego, California
January 27, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**EL CAMINO REAL ALLIANCE
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL No.</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**EL CAMINO REAL ALLIANCE
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

There were no audit findings related to the financial statements during 2020-21.

**EL CAMINO REAL ALLIANCE
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE
50000

AB 3627 FINDING TYPE
Federal Compliance

There were no audit findings and questioned costs related to federal awards during 2020-21.

**EL CAMINO REAL ALLIANCE
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no audit findings and questioned costs related to state awards during 2020-21.

**EL CAMINO REAL ALLIANCE
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no audit findings reported in the 2019-20 fiscal year.